

Construtora Tenda S.A.

Notes to the individual and consolidated
Interim financial information
for the period ended September 30, 2018

(Convenience Translation into English from the original previously Issued in Portuguese)

Construtora Tenda S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION SEPTEMBER 30, 2018

Contents

Management Report June 30,2018	03
Audited financial statements	
Balance sheet	23
Statement of profit or loss.....	25
Statement of comprehensive income.....	26
Statements of changes in Equity	27
Statement of cash flows	28
Statement of value added.....	29
Notes to interim financial information.....	30
Independent auditor's report on the financial statements.....	61



Construtora Tenda S.A.
CNPJ/MF Nº 71.476.527/0001-35
NIRE 35.300.348.206

Notice to the Market

3Q18 OPERATING AND FINANCIAL RESULTS

Tenda ends 3Q18 with net income of R\$64 million, annualized ROE of 16.2%, and cash generation of R\$73 million. Net pre-sales reach R\$1.4 billion in 9M18, a 25.5% increase, and Net SoS is 31.5% for the quarter.

FOR IMMEDIATE RELEASE - São Paulo, November 8, 2018 – Construtora Tenda S.A. (“Tenda”), one of Brazil’s leading homebuilders and real estate developers operating in the low-income housing segment within the “Minha Casa, Minha Vida” (“MCMV”) program, levels 1.5 and 2, today reported its operating and financial results for the third quarter of 2018.

HIGHLIGHTS

- Cash generation totaled R\$73 million in 3Q18 and R\$193 million for 9M18, an 137.5% increase vs. 9M17. Operating cash generation came in at R\$74 million in 3Q18, up 10.5% quarter-over-quarter.
- Net income reached R\$64 million in 3Q18, 24.9% higher than in 2Q18. ROE over the last 12 months reached 16.2% in 3Q18, up 2.5 p.p. vs. the prior equivalent period, evidencing consistent improved results.
- The Company’s launches totaled R\$576.7 million in 3Q18 (+18.1% versus 3Q17), and were R\$1.4 billion in 2018 (+11.7% versus 2017).
- Net pre-sales reached R\$489.9 million in 3Q18, up by 27.1% year-over-year and R\$1.4 billion in 9M18, 25.5% above 9M17. The Speed of Sales (“Net SoS”) ended the quarter at 31.5%, a decrease of 1.8 p.p. compared to 2Q18, and 56.7% in 9M18, up 8.1 p.p. versus the same period in 2017.
- Landbank totaled R\$7.8 billion, 23.8% higher than the amount recorded at the end of 3Q17, with R\$1.3 billion of acquisitions in 3Q18.

CONFERENCE CALL WITH WEBCAST AND SIMULTANEOUS TRANSLATION
November 9, 2018 - Friday
11:00 a.m.(BRT)
8:00 a.m. (NY)

Dial in:
+1 (516) 300 1066
+55 (11) 3127-4971
Code: Tenda
Webcast: [Click here](#)



MESSAGE FROM MANAGEMENT

Once again, Tenda delivered solid operational and financial results in the third quarter of 2018. Tenda launched 14 projects in the quarter totaling R\$577 million and reached R\$490 million sales with 31.5% of SoS, and R\$1.4 billion in 9M18, very close to our net pre-sales annual guidance for 2018 (between R\$1.65 billion and R\$1.85 billion). We delivered 2,632 units in 3Q18. This was 960 units more than in 3Q17 – and we continue expanding our landbank, having reached R\$7.8 billion in potential PSV.

This quarter, due to a Strategic Planning meeting with the Board, we resolved to discontinue our entry into the Belém marketplace. We informed our investors that we have a legacy project called *Mirante do Lago*, with two phases already delivered and a third phase pending execution, with R\$19.5 million of capital deployed. This construction work does not fit into Tenda's current business model: it is composed of vertical brickwork towers and is not compliant to the level 2 of Minha Casa, Minha Vida ("MCMV") program. The decision to discontinue operations in the region of Belém will make resumption of this project unfeasible. In 3Q18 we recognized on the income statement R\$18.0 million referring to the cost incurred with an undelivered phase, with the land price still remaining on the balance sheet, which did not have its allocation defined. We point out that this project was the only one of its type that was pending resumption and execution.

Positive operational performance resulted in Tenda's higher profitability. ROE over the last 12 months reached 16.2%, double the ROE recorded in 9M17 (8.1%) and sustaining the upward trend initiated two years ago. In 3Q18, our adjusted EBITDA climbed 70% year-over-year to R\$83 million, and we recorded net income of R\$64 million in the quarter and R\$152 million in 9M18 – more than double vs. the same period last year.

Reflecting positive operational and financial results, our corporate credit rating of brAA+ with stable outlook was reaffirmed by Standard & Poor's Global Ratings ("S&P"). Thus, we reinitiated participation in the institutional capital markets by issuing debentures with Banco ABC, in the total amount of R\$150 million at CDI + 1.75%, resulting in a lower total cost and higher duration than our previous funding, despite the challenging political scenario. Due to this new issue, we ended the quarter with gross debt of R\$541 million, R\$157 million above the previous quarter's level. In addition, cash generation remains strong, at R\$73 million in 3Q18 and R\$193 million for 9M18. We expect a more challenging fourth quarter in relation to cash generation given higher difficulty in FGTS (Government Severance Indemnity Fund for Employees) transfers arising from budget constraints at year-end.

Given the sound cash generation, Tenda deleveraged more in 3Q18, with a net debt/shareholders' equity ratio at negative 25.1%, and a 2.2 p.p. decrease from June. To support our efforts to balance Tenda's capital structure, which aims at maintaining long-term leverage close to 0%, in order to maximize shareholder value creation, the Board of Directors approved on November 8, 2018 a New Share Buyback Program, up to one year, starting on November 9, 2018. The Board authorized that up to 5.408.832 common shares issued by the Company and shares repurchased may be cancelled, transferred and/or used for purposes of exercising stock options granted by the Company under the Stock Option Plan.

Macroeconomic and regulatory scenarios require attention in the last months of 2018, mainly due to FGTS funds exhaustion for the year versus estimated budget. This situation may affect the contract of new projects in levels 1.5 and 2, also new transfers which require higher subsidies. Despite this fact, the company is resilient: highly deleveraged, building sites that have a good percentage of transfer and purchasing all land areas with feasibility for the launch of projects in level 2 of the Minha Casa, Minha Vida ("MCMV") program, a segment with less volatile resource availability than level 1.5. Finally, due to our conservative capital structure and operational efficiency, we remain confident toward our objective of becoming the lower-income-segment homebuilding company that delivers the highest returns to its shareholders.





OPERATIONAL AND FINANCIAL HIGHLIGHTS

Operational and Financial Highlights	3Q18	2Q18	QoQ (%)	3Q17	YoY (%)	9M18	9M17	YoY (%)
Operational Highlights								
Launches	576.7	539.1	7.0% ↑	488.4	18.1% ↑	1,382.1	1,236.8	11.7% ↑
Net pre-sales	489.9	481.3	1.8% ↑	385.3	27.1% ↑	1,395.3	1,111.4	25.5% ↑
Sales over Supply (SoS)	31.5%	33.3%	(1.8 p.p.) ↓	24.7%	6.8 p.p. ↑	56.7%	48.7%	8.1 p.p. ↑
Delivered projects (Units)	2,632	3,720	(29.2%) ↓	1,672	57.4% ↑	7,756	6,455	20.2% ↑
Landbank (PSV, R\$ MM)	7,843.3	7,130.9	10.0% ↑	6,333.7	23.8% ↑	7,843.3	6,333.7	23.8% ↑
Landbank - Acquisitions / Adjustments (R\$ MM)	1,289.1	798.0	61.5% ↑	1,716.4	(24.9%) ↓	2,530.4	3,108.8	(18.6%) ↓
Financial Highlights								
Net Revenue	461.5	399.1	15.6% ↑	361.4	27.7% ↑	1,226.6	1,000.7	22.6% ↑
Adjusted Gross Profit ¹	161.3	150.0	7.5% ↑	143.7	12.3% ↑	440.3	364.8	20.7% ↑
Adjusted Gross Margin ¹	35.0%	37.6%	(2.6 p.p.) ↓	39.8%	(4.8 p.p.) ↓	35.9%	36.5%	(0.6 p.p.) ↓
Adjusted EBITDA ²	82.7	68.3	21.1% ↑	48.7	70.1% ↑	209.3	111.1	88.4% ↑
Adjusted EBITDA Margin ²	17.9%	17.1%	0.8 p.p. ↑	13.5%	4.5 p.p. ↑	17.1%	11.1%	6.0 p.p. ↑
Net Financial Result	1.0	3.4	(70.4%) ↓	(0.8)	228.6% ↑	7.6	(0.7)	1,155.2% ↑
Net Income (Loss) ³	64.4	51.6	24.9% ↑	30.7	109.8% ↑	152.3	70.5	116.1% ↑
Backlog Revenues	524.0	480.5	9.1% ↑	302.2	73.4% ↑	524.0	302.2	73.4% ↑
Backlog Results ⁴	230.3	209.8	9.7% ↑	145.0	58.8% ↑	230.3	145.0	58.8% ↑
Backlog Margin ⁴	43.9%	43.7%	0.3 p.p. ↑	48.0%	(4.0 p.p.) ↓	43.9%	48.0%	(4.0 p.p.) ↓
Cash and cash equivalents ⁵	847.5	656.8	29.0% ↑	387.5	118.7% ↑	847.5	387.5	118.7% ↑
Net Debt	(306.2)	(273.0)	(12.2%) ↓	(256.8)	(19.3%) ↓	(306.2)	(256.8)	(19.3%) ↓
Adjusted Net Debt ⁶	(306.2)	(273.0)	(12.2%) ↓	(152.9)	(100.4%) ↓	(306.2)	(152.9)	(100.4%) ↓
Shareholders' Equity + minority shareholders	1,218.1	1,190.4	2.3% ↑	1,126.8	8.1% ↑	1,218.1	1,126.8	8.1% ↑
Net Debt / (SE + Minority)	(25.1%)	(22.9%)	(2.2 p.p.) ↓	(22.8%)	(2.4 p.p.) ↓	(25.1%)	(22.8%)	(2.4 p.p.) ↓
Adjusted Net Debt ⁶ / (SE + Minority)	(25.1%)	(22.9%)	(2.2 p.p.) ↓	(13.6%)	(11.6 p.p.) ↓	(25.1%)	(13.6%)	(11.6 p.p.) ↓
Cash Generation ¹¹	72.5	65.0	11.5% ↑	83.2	(12.9%) ↓	192.5	81.1	137.5% ↑
Operating Cash Generation ¹²	74.5	67.4	10.5% ↑	82.4	(9.6%) ↓	197.9	90.1	119.6% ↑
Net Income (Loss) (last 12 months)	188.5	154.8	21.8% ↑	90.7	107.9% ↑	188.5	90.7	107.9% ↑
NOPAT (last 12 months) ⁷	206.6	180.0	14.8% ↑	128.5	60.8% ↑	206.6	128.5	60.8% ↑
Adjusted Capital Employed ⁸	911.8	916.3	(0.5%) ↓	973.9	(6.4%) ↓	911.8	973.9	(6.4%) ↓
ROE (last 12 months) ⁹	16.2%	13.6%	2.5 p.p. ↑	8.1%	8.1 p.p. ↑	16.2%	8.1%	8.1 p.p. ↑
ROCE (last 12 months) ¹⁰	21.9%	18.6%	3.4 p.p. ↑	12.4%	9.5 p.p. ↑	21.9%	12.4%	9.5 p.p. ↑

1) Adjusted by capitalized interests

2) Adjusted by capitalized interests, expenses with stock option plans (non-cash) and minority shareholders.

3) Adjusted by minority shareholders

4) Cash generation is obtained through the difference between the Cash Available variation and Gross Debt variation, adjusted to share repurchase or resale amounts, dividends, capital reduction and non-operational effects.

5) Cash and cash equivalents and securities

6) Net debt adjusted by payment obligations from the capital reduction on December 14, 2016. This obligation is recorded in the Balance Sheet under Others Non-current Creditors.

7) NOPAT is composed of net income excluding financial result and capitalized interest effects.

8) Adjusted Capital Employed is composed of the sum of adjusted net debt, shareholders' equity, and minority shareholders.

9) ROE is calculated by net income of the last 12 months adjusted by minority shareholders divided by the average shareholders' equity. Average referring to the opening and closing position in the last 12 months.

10) ROCE is calculated by NOPAT of the last 12 months divided by average capital employed. Average referring to the opening and closing position in the last 12 months.

11) Cash Generation is the difference between the Cash Available variation and Gross Debt variation, adjusted to Share Buyback amounts, dividends, capital reduction and non-operational effects.

12) Operating Cash Generation is a result of the company's internal managerial calculation which neither reflects nor is compared with figures reported in the financial statements



GUIDANCE

Aiming at generating useful comparative information and providing predictability to the market on our figures, Tenda opted to disclose guidance based on scenarios identified with defined variables and assumptions. We reached the following projections for 2018:

- For Adjusted Gross Margin, which is the ratio of consolidated gross profit for the year less financial charges, as stated in Note 12 to the financial statements and consolidated net revenue for the year, we estimate a range between a minimum of 34% and a maximum of 36%;
- For the Company's Net Pre-sales, defined as the product of gross sales for the year in R\$ million less cancellations for the year in R\$ million, adjusting all amounts to Tenda's equity interest, we estimate a range between a minimum of R\$1,650 million and a maximum of R\$1,850 million.

Guidance (in R\$ million)	Inferior	Superior	1T18	2T18	3T18	4T18	9M18
Adjusted Gross Margin Range 2018 (%)	34.0%	36.0%	35.2%	37.6%	35.0%	0.0%	35.9%
Net Pre-Sales Range 2018 (R\$ MM)	1,650.0	1,850.0	424.2	481.3	489.9	0.0	1,395.3

LAUNCHES

We launched 14 projects in 3Q18, 8% higher than in 3Q17, while PSV reached R\$576.7 million, up 18% year-over-year and 7% quarter-over-quarter.

Launches ¹	3Q18	2Q18	QoQ (%)	3Q17	YoY (%)	9M18	9M17	YoY (%)
Number of Launches	14	15	(6.7%) ↓	13	7.7% ↑	37	33	12.1% ↑
PSV (in R\$ million)	576.7	539.1	7.0% ↑	488.4	18.1% ↑	1,382.1	1,236.8	11.7% ↑
Number of units	4,160	4,052	2.7% ↑	3,388	22.8% ↑	10,064	8,500	18.4% ↑
Average price per unit (in R\$ thousand)	138.6	133.0	4.2% ↑	144.1	(3.8%) ↓	137.3	145.5	(5.6%) ↓
Average size of launches (in units)	297	270	10.0% ↑	261	14.0% ↑	272	258	5.6% ↑

1) Tenda holds 100% equity interest in projects launched.



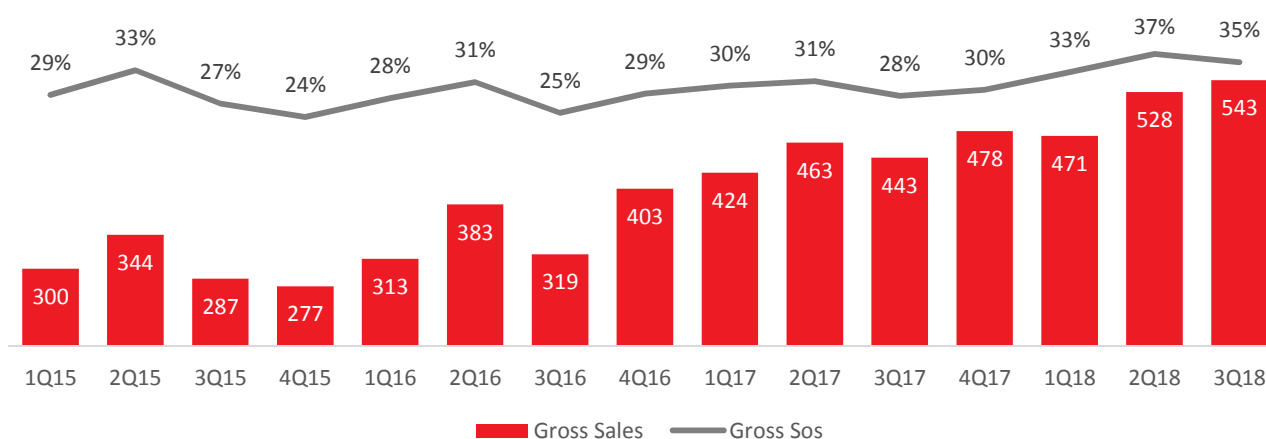
GROSS SALES

Gross sales totaled R\$543.5 million in 3Q18, up 23% year-over-year and 3% quarter-over-quarter.

The speed of sales (“Gross SoS”) reached 35% in 3Q18, an increase of 6.5 p.p. compared to the same period last year. Quarter-over-quarter, Gross SoS recorded a negative variation of 1.6 p.p.

Gross Sales	3Q18	2Q18	QoQ (%)	3Q17	YoY (%)	9M18	9M17	YoY (%)
PSV (in R\$ million)	543.5	528.1	2.9% ↑	443.1	22.6% ↑	1,542.813	1,329.9	16.0% ↑
Number of units	3,980	3,823	4.1% ↑	3,098	28.5% ↑	11,196	9,381	19.3% ↑
Average price per unit (in R\$ thousand)	136.5	138.1	(1.2%) ↓	143.0	(4.5%) ↓	137.8	141.8	(2.8%) ↓
Gross SoS	35.0%	36.6%	(1.6 p.p.) ↓	28.4%	6.5 p.p. ↑	62.7%	58.2%	4.5 p.p. ↑

Speed of Sales – Gross SoS (%) X Gross Sales



CANCELLATIONS AND NET PRE-SALES

In 3Q18, cancellations as a percentage of gross sales reached 10% , consistent with the level recorded in previous quarters, evidencing stability.

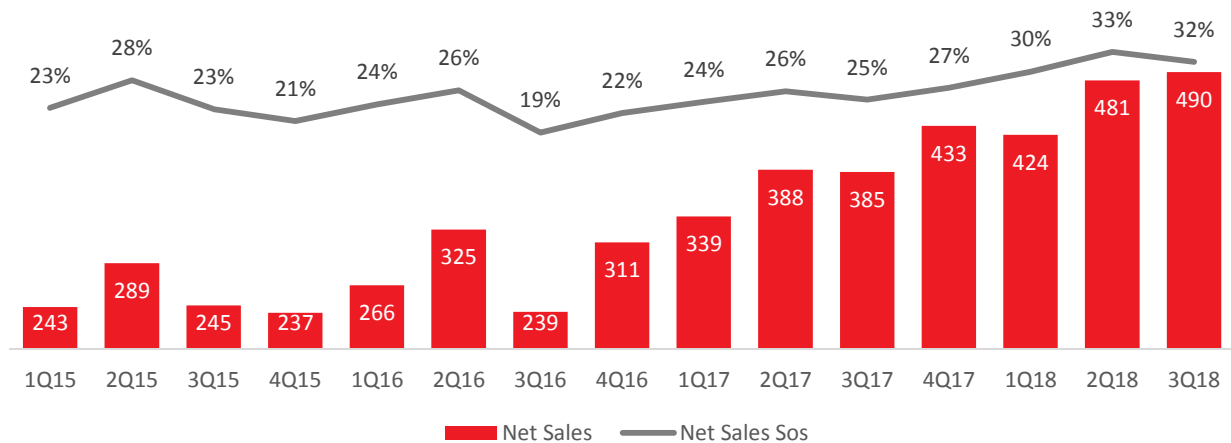
The speed of sales (“Net SoS”) reached 32% in 3Q18, up 6.8 p.p. vs. 3Q17 and 1.8 p.p. lower than 2Q18.

(in R\$ million)	3Q18	2Q18	QoQ (%)	3Q17	YoY (%)	9M18	9M17	YoY (%)
Gross Sales	543.5	528.1	2.9% ↑	443.1	22.6% ↑	1,542.8	1,329.9	16.0% ↑
Cancellations	53.6	46.9	14.3% ↑	57.9	(7.4%) ↓	147.5	218.5	(32.5%) ↓
Net Pre-Sales	489.9	481.3	1.8% ↑	385.3	27.1% ↑	1,395.3	1,111.4	25.5% ↑
% Launch ¹	66.9%	39.7%	27.2 p.p. ↑	67.7%	(0.9 p.p.) ↓	39.7%	41.8%	(2.2 p.p.) ↓
% Inventory	33.1%	60.3%	(27.2 p.p.) ↓	32.3%	0.9 p.p. ↑	60.3%	58.2%	2.2 p.p. ↑
Cancellations / Gross Sales	9.9%	8.9%	1.0 p.p. ↑	13.1%	(3.2 p.p.) ↓	9.6%	16.4%	(6.9 p.p.) ↓
Net SoS	31.5%	33.3%	(1.8 p.p.) ↓	24.7%	6.8 p.p. ↑	56.7%	48.7%	8.1 p.p. ↑
(in units)	3Q18	2Q18	QoQ (%)	3Q17	YoY (%)	9M18	9M17	YoY (%)
Gross Units Sold	3,980	3,823	4.1% ↑	3,098	28.5% ↑	11,196	9,381	19.3% ↑
Cancelled Units	395	341	15.8% ↑	419	(5.7%) ↓	1,077	1,586	(32.1%) ↓
Net Units Sold	3,585	3,482	3.0% ↑	2,679	33.8% ↑	10,119	7,795	29.8% ↑
Cancellations / Gross Sales	9.9%	8.9%	1.0 p.p. ↑	13.5%	(3.6 p.p.) ↓	9.6%	16.9%	(7.3 p.p.) ↓

1) Launches of current year.



Speed of Sales – Net SoS (%) X Net Pre-Sales



UNITS TRANSFERRED, DELIVERED, AND CONSTRUCTION SITES

Transferred PSV totaled R\$439.5 million in 3Q18, up 15% year-over-year and down 2% versus 2Q18, reflecting concerns with FGTS funds exhaustion in São Paulo and Rio de Janeiro.

We ended the quarter with 43 construction sites, and we delivered 2,632 units in this period, totaling 7,756 units delivered in the first nine months of 2018, 20% higher than in 9M17.

Transfers, Deliveries and Construction Sites	3Q18	2Q18	QoQ (%)	3Q17	YoY (%)	9M18	9M17	YoY (%)
PSV Transferred (in R\$ million)	439.5	448.9	(2.1%) ↓	381.8	15.1% ↑	1,301.5	1,056.2	23.2% ↑
Transferred Units	3,567	3,574	(0.2%) ↓	2,986	19.5% ↑	10,396	8,370	24.2% ↑
Delivered Units	2,632	3,720	(29.2%) ↓	1,672	57.4% ↑	7,756	6,455	20.2% ↑
Construction Sites	43	39	10.3% ↑	40	7.5% ↑	43	40	7.5% ↑

INVENTORY AT MARKET VALUE

We ended 3Q18 with R\$1.1 billion in inventory at market value, 10.5% higher than in 2Q18, and down 9.3% year-over-year. Finished inventory units represent 8.1% of the total, a 1.7% p.p. decrease compared to 2Q18, when we finished the quarter with 9.8% of the inventory. Inventory turnover is 7 months, 16.7% higher than in 2Q18.

Inventory at Market Value	3Q18	2Q18	QoQ (%)	3Q17	YoY (%)	9M18	9M17	YoY (%)
PSV (in R\$ million)	1,064.0	963.0	10.5% ↑	1,172.5	(9.3%) ↓	1,064.0	1,172.5	(9.3%) ↓
Number of Units	7,771	7,247	7.2% ↑	7,851.0	(1.0%) ↓	7,771	7,851.0	(1.0%) ↓
Average price per unit (in R\$ thousand)	136.9	132.9	3.0% ↑	149.3	(8.3%) ↓	136.9	149.3	(8.3%) ↓
Status of Construction	3Q18	Not Initiated	Up to 30% built	30% to 70% built	More than 70% built	Finished units		
PSV (in R\$ million)	1,064.0	275.2	368.6	221.2	112.4	86.6		

1) Inventory turnover is the total inventory divided by the sum of net sales in the last 12 months



LANDBANK

We continue expanding the Company's landbank, up 24% year-over-year, representing a total PSV of R\$7.8 billion. In 3Q18, 29 phases/projects were acquired distributed through the regions where the Company operates, representing a potential launch of R\$1.3 billion in PSV. We reinforce that all our landbank projects are classified as level 2 and in a few cases, may classified as level 1.5 of the "Minha Casa, Minha Vida" program.

Landbank ¹	3Q18	2Q18	QoQ (%)	3Q17	YoY (%)	9M18	9M17	YoY (%)
Number of Projects	229	214	7.0% ↑	193	18.7% ↑	229	193	18.7% ↑
PSV (in R\$ million)	7,843.3	7,130.9	10.0% ↑	6,333.7	23.8% ↑	7,843.3	6,333.7	23.8% ↑
Acquisitions / Adjustments (in R\$ million)	1,289.1	798.0	61.5% ↑	1,716	(24.9%) ↓	2,530.4	3,108.8	(18.6%) ↓
Number of Units	53,746	49,123	9.4% ↑	42,975	25.1% ↑	53,746	42,975	25.1% ↑
Average price per unit (in R\$ thousands)	145.9	145.2	0.5% ↑	147.4	(1.0%) ↓	145.9	147.4	(1.0%) ↓
% Swap Total	25.2%	27.9%	(2.7 p.p.) ↓	27.2%	(2.0 p.p.) ↓	25.2%	27.2%	(2.0 p.p.) ↓
% Swap Units	12.2%	14.4%	(2.2 p.p.) ↓	17.1%	(5.0 p.p.) ↓	12.2%	17.1%	(5.0 p.p.) ↓
% Swap Financial	13.0%	13.5%	(0.5 p.p.) ↓	10.1%	2.9 p.p. ↑	13.0%	10.1%	2.9 p.p. ↑

1) Tenda owns 100% equity interest in landbank.

CURRENT BUSINESS MODEL UPDATE

We have delivered 30,461 units and R\$4.2 billion in PSV under the current business model, and all projects launched before 2015 have been 100% completed, reinforcing the stability and the high turnover of the operation.

New Business Model Update	2013	2014	2015	2016	2017	YTD 2018
Number of Projects	7	14	30	40	45	37
Units launched	2,460	4,315	7,711	9,579	11,768	10,064
Total PSV (R\$ 000)	313.9	613.3	1,088.9	1,315.0	1,695.2	1,382.1
Units Sold	2,452	4,251	7,623	9,143	10,673	3,993
% Sold	99.7%	98.5%	98.9%	95.4%	90.7%	39.7%
Avg SoS (Month)	8.6%	6.5%	8.3%	11.2%	12.4%	15.0%
Units transferred	2,447	4,248	7,612	9,101	10,399	3,172
% Units transferred	99.5%	98.4%	98.7%	95.0%	88.4%	31.5%
% Construction	100.0%	100.0%	100.0%	99.9%	85.4%	28.4%



LEGACY UPDATE

Over the past several years, the impact of legacy projects on both our results and on capital employed¹ has decreased. The speed of this phase-out will slowly decline until liquidation, due to the low liquidity of inventory and portfolio.

Legacy Update	2011	2012	2013	2014	2015	2016	2017	2018
Operational								
Inventory at Market Value	1,171.5	826.7	478.7	365.1	226.2	154.9	132.1	79.0
Gross Sales	249.0	1,091.9	874.4	508.0	228.3	143.1	58.7	57.4
Cancellations	468	1,166	583	414	121	90	44	12
Net Sales	(218.8)	(74.3)	291.4	93.9	107.5	53.1	14.8	45.5
Cancellations / Gross Sales	187.9%	106.8%	66.7%	81.5%	52.9%	62.9%	74.7%	20.9%
Sales over Supply (SoS)	(23.0%)	(9.9%)	37.8%	20.5%	32.2%	25.5%	10.1%	36.5%
Gross SoS	702.9	1,182.6	900.3	459.9	214.6	145.2	108.7	43.9
Delivered Units	14	16,889	7,027	6,076	1,848	0	0	0
Construction Sites	138	63	26	5	1	1	1	1
Financial								
Adjusted Capital Employed ¹	2,516.9	2,089.7	1,152.4	755.1	547.2	324.5	211.4	151.1
Accounts Receivable ¹	1,465.9	1,233.5	623.3	317.8	232.0	117.0	47.6	57.8
<i>AR Clients</i>	1,465.9	1,233.5	623.3	306.4	223.7	97.7	19.9	39.6
<i>AR Landbank Sold</i>	ND ²	ND ²	ND ²	11.4	8.3	19.2	27.6	18.1
Inventory ²	1,051.0	856.2	529.1	437.2	315.2	207.5	163.9	93.4
<i>Inventory</i>	1,023.8	730.8	421.3	332.7	213.7	132.3	99.1	67.7
<i>Landbank for Sale</i>	27.2	125.4	107.8	104.5	101.5	75.2	64.8	25.6
Other Operating Revenues and Expenses	(60.3)	(47.8)	(24.8)	(62.2)	(52.6)	(36.7)	(98.5)	(49.3)
<i>Litigation Expenses</i>	(15.2)	(17.5)	(18.1)	(51.2)	(27.3)	(21.2)	(51.8)	(32.5)
<i>Other</i>	(45.2)	(30.3)	(6.7)	(11.0)	(25.3)	(15.5)	(46.7)	(16.8)
Net Revenue	439.3	1,069.1	722.5	273.8	168.3	(52.2)	7.2	58.7
Gross Profit	(281.9)	130.4	27.0	(3.1)	(29.2)	(87.0)	(70.5)	(25.8)
Gross Margin	(64.2%)	12.2%	3.7%	(1.1%)	(17.4%)	NA ²	(979.8%)	(44.0%)

1) Managerial vision

2) ND: Not disclosed; NA: Not applicable

NET OPERATING REVENUE

Net operating revenue grew by 15.6% quarter-over-quarter and 27.7% year-over-year.

(in R\$ million)	3Q18	2Q18	QoQ (%)	3Q17	YoY (%)	9M18	9M17	YoY (%)
Gross Operating Revenues	478.6	422.8	13.2% ↑	375.7	27.4% ↑	1,278.2	1,053.3	21.3% ↑
Provision for doubtful accounts	(7.0)	(10.5)	(33.5%) ↓	(3.2)	119.9% ↑	(20.4)	(24.8)	(17.5%) ↓
Provision for cancellations	3.2	(2.3)	237.5% ↑	7.2	(55.6%) ↓	1.7	27.0	(93.6%) ↓
Taxes on sales of properties and services	(13.4)	(10.9)	22.2% ↑	(18.3)	(26.9%) ↓	(32.9)	(54.8)	(40.0%) ↓
Net Operating Revenue	461.5	399.1	15.6% ↑	361.4	27.7% ↑	1,226.6	1,000.7	22.6% ↑



GROSS PROFIT

Gross profit increased 7.8% vs. 2Q18, driven by the growth of the Company's operations across all regions. Adjusted gross margin was 2.6 p.p. lower when compared to 2Q18, which is explained by R\$18.0 million written off for the *Mirante do Lago* Project, as recognized in 3Q18 results.

(in R\$ Million)	3Q18	2Q18	QoQ (%)	3Q17	YoY (%)	9M18	9M17	YoY (%)
Net Revenue	461.5	399.1	15.6% ↑	361.4	27.7% ↑	1,226.6	1,000.7	22.6% ↑
Gross Profit	155.0	143.8	7.8% ↑	131.1	18.3% ↑	422.5	341.9	23.6% ↑
Gross Margin	33.6%	36.0%	(2.4 p.p.) ↓	36.3%	(2.7 p.p.) ↓	34.4%	34.2%	0.3 p.p. ↑
(-) Financial Costs	6.3	6.2	1.3% ↑	12.6	(50.1%) ↓	17.8	22.9	(22.3%) ↓
Adjusted Gross Profit¹	161.3	150.0	7.5% ↑	143.7	12.3% ↑	440.3	364.8	20.7% ↑
Adjusted Gross Margin	35.0%	37.6%	(2.6 p.p.) ↓	39.8%	(4.8 p.p.) ↓	35.9%	36.5%	(0.6 p.p.) ↓

1) Adjusted by capitalized interest rates.

SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES (SG&A)

Selling expenses went up 9.9% quarter-over-quarter, and 8.3% in the first nine-month annual comparison. The selling expenses over gross sales ratio decreased by 0.5 p.p., in the accumulated comparison, evidencing selling expenses are leveling off.

General and administrative expenses (G&A) accounted for 4.9% of launches in 3Q18, in line with 2Q18 and up 0.8 p.p. compared to 9M17 due to a non-recurring effect of R\$9.5 million in 1Q18, caused by SOP accounting. The Company maintains its growth strategy, focused on operational scale gain.

(in R\$ Million)	3Q18	2Q18	QoQ (%)	3Q17	YoY (%)	9M18	9M17	YoY (%)
Selling Expenses	(39.2)	(35.7)	9.9% ↑	(35.5)	10.4% ↑	(106.7)	(98.5)	8.3% ↑
General & Admin Expenses	(28.3)	(26.5)	7.0% ↑	(24.8)	14.1% ↑	(88.8)	(69.5)	27.8% ↑
Total SG&A Expenses	(67.6)	(62.2)	8.7% ↑	(60.4)	11.9% ↑	(195.5)	(168.0)	16.4% ↑
Gross Sales	543.5	528.1	2.9% ↑	443.1	22.6% ↑	1,542.8	1,329.9	16.0% ↑
Launches	576.7	539.1	7.0% ↑	488.4	18.1% ↑	1,382.1	1,236.8	11.7% ↑
Selling Expenses / Gross Sales	7.2%	6.8%	0.5 p.p. ↑	8.0%	(0.8 p.p.) ↓	6.9%	7.4%	(0.5 p.p.) ↓
G&A Expenses / Launches	4.9%	4.9%	0.0 p.p. ↑	5.1%	(0.2 p.p.) ↓	6.4%	5.6%	0.8 p.p. ↑



OTHER OPERATING REVENUES/EXPENSES

In 3Q18, other operating revenues and expenses fell by 34.3%, explained by an agreement of R\$5.7 million in 2Q18.

(in R\$ Million)	3Q18	2Q18	QoQ (%)	3Q17	YoY (%)	9M18	9M17	YoY (%)
Other Operating Revenues and Expenses	(13.7)	(20.8)	(34.3%) ↓	(36.0)	(62.0%) ↓	(49.3)	(86.4)	(42.9%) ↓
Litigation Expenses	(7.9)	(14.3)	(44.5%) ↓	(28.3)	(72.0%) ↓	(32.5)	(47.0)	(30.9%) ↓
Other	(5.7)	(6.5)	(12.0%) ↓	(7.7)	(25.3%) ↓	(16.8)	(39.4)	(57.2%) ↓
Equity Income	0.3	0.5	38.6% ↑	(0.4)	(179.0%) ↓	0.8	(0.7)	(212.1%) ↓

ADJUSTED EBITDA

The Company's operational growth drove the annual increase in adjusted EBITDA.

(in R\$ Million)	3Q18	2Q18	QoQ (%)	3Q17	YoY (%)	9M18	9M17	YoY (%)
Net Income	64.4	51.6	24.9% ↑	30.7	109.8% ↑	152.3	70.5	116.1% ↑
(+) Financial result	(1.0)	(3.4)	70.4% ↑	0.8	(228.6%) ↓	(7.6)	0.7	(1,155.2%) ↓
(+) Income taxes and social contribution	6.6	6.3	5.1% ↑	(0.3)	2,234.1% ↑	19.6	6.7	190.0% ↑
(+) Depreciation and amortization	3.2	6.4	(50.8%) ↓	3.4	(7.4%) ↓	13.0	10.2	27.4% ↑
(+) Capitalized interests	6.3	6.2	1.3% ↑	12.6	(50.1%) ↓	17.8	22.9	(22.3%) ↓
(+) Expenses with Stock Option Plan	2.4	0.9	180.4% ↑	1.7	41.4% ↑	13.1	1.4	810.3% ↑
(+) Minority Shareholders	0.8	0.4	124.0% ↑	(0.3)	393.9% ↑	1.3	(1.3)	198.7% ↑
Adjusted EBITDA¹	82.7	68.3	21.1% ↑	48.7	70.1% ↑	209.3	111.1	88.4% ↑
Net Revenue	461.5	399.1	15.6% ↑	361.4	27.7% ↑	1,226.6	1,000.7	22.6% ↑
Adjusted EBITDA Margin¹	17.9%	17.1%	0.8 p.p. ↑	13.5%	4.5 p.p. ↑	17.1%	11.1%	6.0 p.p. ↑

1) Adjusted by capitalized interest rates, stock option plan expenses (non-cash) and minority shareholders.

FINANCIAL RESULTS

The 11.6% decrease in 3Q18 is explained by the lack of non-recurring events in the quarter, in 2Q18 we received R\$1.2 billion referring to resources from previous years. Financial expenses went up 15.6% in 3Q18 vs. 2Q18 due to higher gross debt.

(in R\$ Million)	3Q18	2Q18	QoQ (%)	3Q17	YoY (%)	9M18	9M17	YoY (%)
Financial Income	9.6	10.9	(11.6%) ↓	8.0	19.6% ↑	30.2	21.9	37.8% ↑
Financial Expenses	(8.6)	(7.4)	15.6% ↑	(8.8)	(2.7%) ↓	(22.5)	(22.6)	(0.4%) ↓
Financial Results	1.0	3.4	(70.4%) ↓	(0.8)	228.6% ↑	7.6	(0.7)	1,155.2% ↑

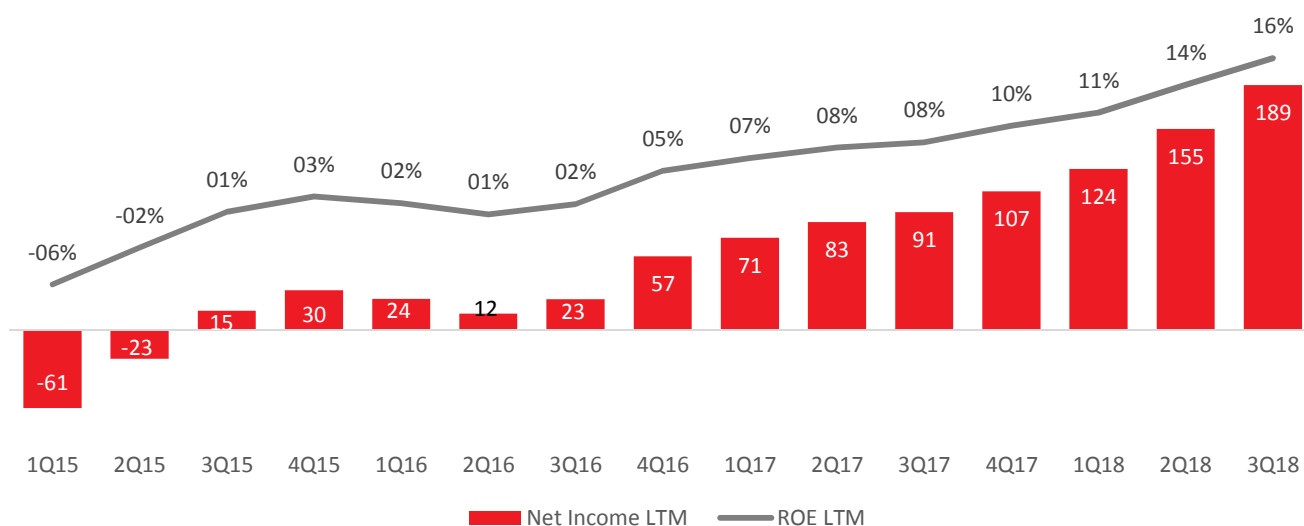


NET INCOME

Net income and net margin sustain upward results, evidencing the stability of our current business model. Quarter-over-quarter, results are growing, with a 24.9% gain in net income and a 1.0 p.p. rise in net margin.

(in R\$ million)	3Q18	2Q18	QoQ (%)	3Q17	YoY (%)	9M18	9M17	YoY (%)
Net Income after Income Tax and Social Contribution	65.3	52.0	25.6% ↑	30.4	114.4% ↑	153.6	69.1	122.2% ↑
(-) Minority shareholders	(0.8)	(0.4)	(124.0%) ↓	0.3	(393.9%) ↓	(1.3)	1.3	(198.7%) ↓
Net Income	64.4	51.6	24.9% ↑	30.7	109.8% ↑	152.3	70.5	116.1% ↑
Net Margin	14.0%	12.9%	1.0 p.p. ↑	8.5%	5.5 p.p. ↑	12.4%	7.0%	5.4 p.p. ↑

ROE (12 months) X Net Income (12 months)



BACKLOG RESULTS

The 43.9% backlog margin was up 0.3 p.p. quarter-over-quarter.

(in R\$ million)	September 18	June 18	QoQ (%)	September 17	YoY (%)
Backlog Revenues	524.0	480.5	9.1% ↑	302.2	73.4% ↑
Backlog Costs (units sold)	(293.7)	(270.6)	8.5% ↑	(157.3)	86.8% ↑
Backlog Results¹	230.3	209.8	9.7% ↑	145.0	58.8% ↑
Backlog Margin	43.9%	43.7%	0.3 p.p. ↑	48.0%	(4.0 p.p.) ↓



CASH AND CASH EQUIVALENTS AND FINANCIAL INVESTMENTS

(in R\$ million)	September 18	June 18	QoQ (%)	September 17	YoY (%)
Cash & Cash Equivalents	35.6	33.3	7.1% ↑	36.7	(2.8%) ↓
Short term investments	811.8	623.6	30.2% ↑	350.8	131.4% ↑
Total Cash Position	847.5	656.8	29.0% ↑	387.5	118.7% ↑

ACCOUNTS RECEIVABLE FROM DEVELOPMENTS AND SERVICES RENDERED

(in R\$ million)	September 18	June 18	QoQ (%)	September 17	YoY (%)
Up to 2018 ¹	167.5	219.6	(23.8%) ↓	468.6	(64.3%) ↓
2019	355.0	280.7	26.5% ↑	37.8	840.4% ↑
2020	49.5	36.2	36.7% ↑	27.4	80.4% ↑
2021	24.7	20.7	19.2% ↑	34.0	(27.4%) ↓
2022	15.7	12.7	24.0% ↑	0.0	0.0% ↑
2023 and beyond	10.0	5.9	70.2% ↑	0.0	0.0% ↑
Total Accounts Receivable	622.5	575.8	8.1% ↑	567.8	9.6% ↑
(-) Present value adjustment	(11.9)	(11.0)	(8.0%) ↓	(14.8)	19.4% ↑
(-) Provision for doubtful accounts	(119.4)	(112.5)	(6.2%) ↓	(104.3)	(14.5%) ↓
(-) Provision for cancellations	(20.0)	(23.2)	13.8% ↑	(18.8)	(6.2%) ↓
Accounts Receivable	471.2	429.2	9.8% ↑	429.9	9.6% ↑
Days of Revenue	109	106	2.8% ↑	122	(10.9%) ↓
Accounts Receivable Tenda² (in R\$ million)	September 18	June 18	QoQ (%)	September 17	YoY (%)
Before delivery to buyer (Pro-Soluto)	39.4	37.5	5.0% ↑	22.3	76.5% ↑
After delivery to buyer (TCD)	166.0	158.1	5.0% ↑	133.0	24.8% ↑
Tenda Receivables	205.4	195.6	5.0% ↑	155.3	32.3% ↑
Total accounts receivable	471.2	429.2	9.8% ↑	429.9	9.6% ↑
Backlog Revenues	524.0	480.5	9.0% ↑	302.2	73.4% ↑
Tenda Receivables/(Total accounts receivable + Backlog Revenues)	20.6%	21.5%	(0.9 p.p.) ↓	21.2%	(0.6 p.p.) ↓

1) Overdue and falling due.

2) Receivables, net of provision, by installments directly with the Company, since bank financing does not absorb 100% of the property value.

3) March and December/17 amounts include amounts falling due from 2021 onwards.



INDEBTEDNESS

Tenda ended 3Q18 with total debt of R\$539.3 million, duration of 33.6 months and a weighted average cost of debt of 7.8% p.a. Total debt is covered by a cash position of R\$848 million as of the end of 3Q18.

This quarter we reinitiated our access to the institutional capital markets by issuing debentures of R\$150 million; the transaction involved 17 participants and was settled by mid-September.

Debt Maturity Schedule (in R\$ million)	Project Finance	Corporate Debt	Total
2018	0.4	0.8	1.2
2019	6.5	1.1	7.6
2020	40.7	0.0	40.7
2021 and beyond	491.7	0.0	491.7
Total Debt	539.3	1.9	541.2
Duration (in months)			33.6

Debt Breakdown (in R\$ million)	Maturity	Charges (APY)	Balance Due September 18	Balance Due June 18
Project Finance			539.3	381.3
SFH	until 12/2022	TR + 8.3% to 9.5%	110.8	108.6
Debenture	until 09/2023	CDI + 0,9% a 1,75%	428.5	272.7
Corporate Debt			1.9	2.5
Working Capital	until 06/2019	CDI + 2.3% to 4.25% INCC-DI Variation	1.9	2.5
Weighted Average Cost of Debt (in R\$ million)	Balance Due September 18	Balance Due / Total Debt	Average Cost (APY)	
CDI	428.5	79.2%	CDI + 1.24%	
TR	110.8	20.5%	TR + 8.3%	
INCC	1.9	0.3%	INCC + 0%	
Total	541.2	100%	7.8%	



NET DEBT

Tenda has a negative 25.1% adjusted net debt/shareholder's equity ratio, making it one of the most leveraged companies in the Brazilian real estate sector. Cash generation totaled R\$72.5 million this quarter, higher than the generation of R\$65 million in 2Q18.

(in R\$ million)	September 18	June 18	QoQ (%)	September 17	YoY (%)
Gross Debt	541.2	383.8	41.0% ↑	130.7	314.1% ↑
(-) Cash and cash equivalents and financial investments	(847.5)	(656.8)	29.0% ↑	(387.5)	118.7% ↑
Net Debt	(306.2)	(273.0)	(12.2%) ↓	(256.8)	(19.3%) ↓
(+) Capital Reduction	0.0	0.0	0.0% ↑	103.9	(100.0%) ↓
Adjusted Net Debt¹	(306.2)	(273.0)	(12.2%) ↓	(152.9)	(100.4%) ↓
Shareholders' Equity + Minority Shareholders	1,218.1	1,190.4	2.3% ↑	1,126.8	8.1% ↑
Net Debt/ (Shareholders' Equity + Minority Shareholders)	(25.1%)	(22.9%)	(2.2 p.p.) ↓	(22.8%)	(2.4 p.p.) ↓
Adjusted Net Debt/ (Shareholders' Equity + Minority Shareholders)	(25.1%)	(22.9%)	(2.2 p.p.) ↓	(13.6%)	(11.6 p.p.) ↓
Adjusted EBITDA (Last 12 months)	270.1	233.6	15.6% ↑	158.4	70.5% ↑
Adjusted Net Debt/Adjusted EBITDA (last 12 months)	(113.4%)	(116.9%)	3.5 p.p. ↑	(96.5%)	(16.9 p.p.) ↓
Cash Generation ²	72.5	65.0	11.5% ↑	83.2	(12.9%) ↓
Operating Cash Generation ³	74.5	67.4	10.5% ↑	82.4	(9.6%) ↓

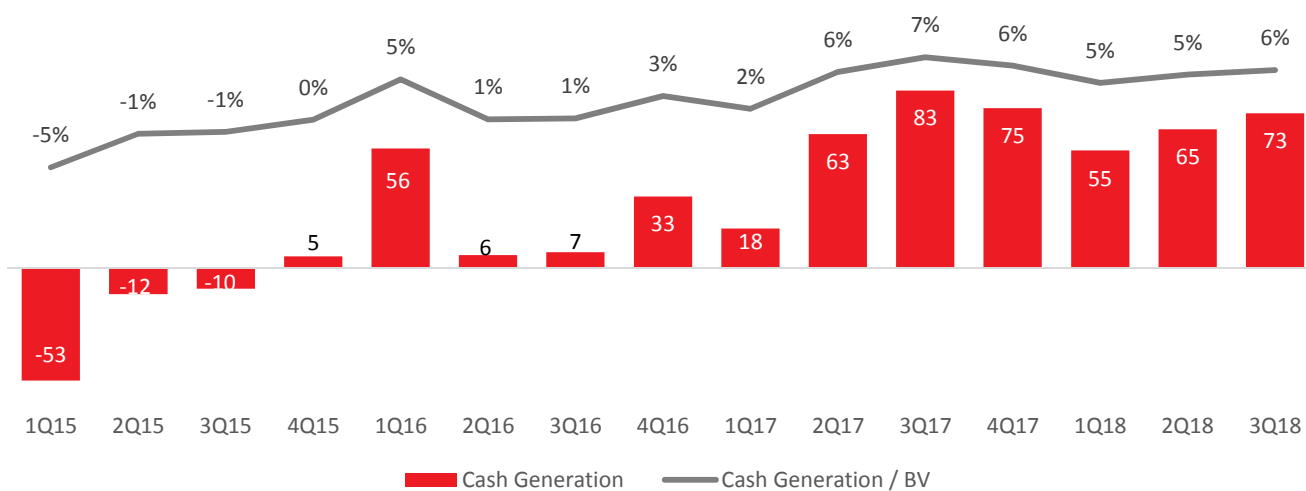
1) Net debt adjusted by payment obligations from the capital reduction on December 14, 2016. This amount was recorded in the balance sheet under other liabilities.

2) Cash Generation is the difference between the cash available variation and Gross Debt variation, adjusted by share buyback amounts, dividends, capital reduction and non-operational effects.

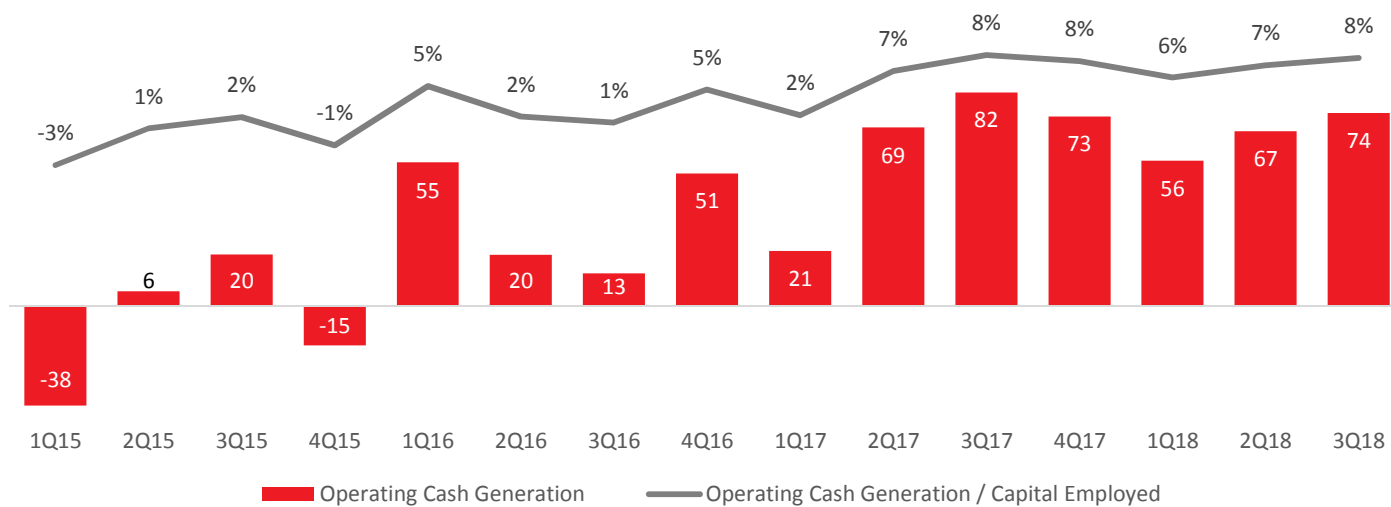
3) Operational cash generation is the result of the company's internal managerial calculation which neither reflects nor is compared with figures reported in the financial statements



Cash Generation X Shareholders' Equity



Operating Cash Generation x Capital Employed





INCOME STATEMENT

(in R\$ million)	3Q18	2Q18	QoQ (%)	3Q17	YoY (%)	9M18	9M17	YoY (%)
Net Revenue	461.5	399.1	15.6% ↑	361.4	27.7% ↑	1,226.6	1,000.7	22.6% ↑
Operating Costs	(306.5)	(255.2)	20.1% ↑	(230.3)	33.1% ↑	(804.1)	(658.8)	22.1% ↑
Gross Profit	155.0	143.8	7.8% ↑	131.1	18.3% ↑	422.5	341.9	23.6% ↑
Gross Margin	33.6%	36.0%	(2.4 p.p.) ↓	36.3%	(2.7 p.p.) ↓	34.4%	34.2%	0.3 p.p. ↑
Operating Expenses	(84.1)	(89.0)	(5.5%) ↓	(100.2)	(16.0%) ↓	(257.0)	(265.3)	(3.1%) ↓
Selling Expenses	(39.2)	(35.7)	9.9% ↑	(35.5)	10.4% ↑	(106.7)	(98.5)	8.3% ↑
General and Administrative Expenses	(28.3)	(26.5)	7.0% ↑	(24.8)	14.1% ↑	(88.8)	(69.5)	27.8% ↑
Other Operating Revenue/Expenses	(13.7)	(20.8)	(34.3%) ↓	(36.0)	(62.0%) ↓	(49.3)	(86.4)	(42.9%) ↓
Depreciation and Amortization	(3.2)	(6.4)	(50.8%) ↓	(3.4)	(7.4%) ↓	(13.0)	(10.2)	27.4% ↑
Equity Income	0.3	0.5	(38.6%) ↓	(0.4)	179.0% ↑	0.8	(0.7)	212.1% ↑
Operational Result	70.9	54.8	29.3% ↑	30.9	129.2% ↑	165.5	76.6	116.1% ↑
Financial Income	9.6	10.9	(11.6%) ↓	8.0	19.6% ↑	30.2	21.9	37.8% ↑
Financial Expenses	(8.6)	(7.4)	15.6% ↑	(8.8)	(2.7%) ↓	(22.5)	(22.6)	(0.4%) ↓
Net Income Before Taxes on Income	71.9	58.3	23.4% ↑	30.1	138.6% ↑	173.2	75.9	128.2% ↑
Deferred income tax and social contribution	0.4	(0.7)	158.1% ↑	8.8	(95.6%) ↓	(1.1)	14.7	(107.2%) ↓
Current Income Tax and Social Contribution	(7.0)	(5.6)	24.5% ↑	(8.5)	(17.5%) ↓	(18.5)	(21.4)	(13.6%) ↓
Net Income After Taxes on Income	65.3	52.0	25.6% ↑	30.4	114.4% ↑	153.6	69.1	122.2% ↑
(-) Minority Shareholders	(0.8)	(0.4)	(124.0%) ↓	0.3	(393.9%) ↓	(1.3)	1.3	(198.7%) ↓
Net Income	64.4	51.6	24.9% ↑	30.7	109.8% ↑	152.3	70.5	116.1% ↑



BALANCE SHEET

(in R\$ million)	September 18	June 18	QoQ (%)	September 17	YoY (%)
Current Assets	1,757.2	1,680.1	4.6% ↑	1,378.5	27.5% ↑
Cash and cash equivalents	35.6	33.3	7.1% ↑	36.7	(2.8%) ↓
Short term investments	811.8	623.6	30.2% ↑	350.8	131.4% ↑
Receivables from clients	322.9	306.5	5.3% ↑	335.2	(3.7%) ↓
Properties for sale	498.7	617.5	(19.2%) ↓	528.2	(5.6%) ↓
Other accounts receivable	46.6	50.0	(6.8%) ↓	48.6	(4.1%) ↓
Land for sale	41.6	49.2	(15.6%) ↓	79.1	(47.4%) ↓
Non-Current Assets	661.1	503.6	31.3% ↑	531.6	24.4% ↑
Receivables from clients	148.3	122.7	20.9% ↑	94.7	56.7% ↑
Properties for sale	453.7	321.8	41.0% ↑	366.9	23.7% ↑
Other	59.1	59.1	(0.0%) ↓	70.0	(15.6%) ↓
Intangible, Property and Equipment	64.0	61.4	4.2% ↑	58.2	10.0% ↑
Investments	43.1	66.0	(34.7%) ↓	65.8	(34.6%) ↓
Total Assets	2,525.4	2,311.1	9.3% ↑	2,034.1	24.2% ↑
Current Liabilities	420.8	429.8	(2.1%) ↓	376.6	11.7% ↑
Loans and financing	5.8	8.3	(30.1%) ↓	58.5	(90.1%) ↓
Debentures	0.0	0.0	0.0% ↑	0.0	0.0% ↑
Obligations for purchase of land and advances from customers	221.1	237.4	(6.9%) ↓	166.2	33.1% ↑
Material and service suppliers	40.3	29.7	35.7% ↑	31.6	27.3% ↑
Taxes and contributions	32.0	27.8	15.5% ↑	32.1	(0.3%) ↓
Other	121.5	126.6	(4.0%) ↓	88.1	37.9% ↑
Non-current liabilities	886.5	690.9	28.3% ↑	530.7	67.1% ↑
Loans and financing	107.0	102.8	4.0% ↑	72.2	48.2% ↑
Debentures	428.5	272.7	57.1% ↑	0.0	0.0% ↑
Obligations for purchase of land and advances from customers	288.6	225.8	27.8% ↑	229.6	25.7% ↑
Deferred taxes	6.9	7.4	(6.9%) ↓	5.8	18.8% ↑
Provision for contingencies	25.2	30.6	(17.6%) ↓	67.7	(62.8%) ↓
Other creditors	0.0	0.0	0.0% ↑	103.9	(100.0%) ↓
Other	30.4	51.6	(41.0%) ↓	51.6	(41.0%) ↓
Shareholders' Equity	1,218.1	1,190.4	2.3% ↑	1,126.8	8.1% ↑
Shareholders' Equity	1,211.7	1,184.8	2.3% ↑	1,121.0	8.1% ↑
Minority Shareholders	6.4	5.5	14.8% ↑	5.8	10.3% ↑
Total Liabilities and Shareholders' Equity	2,525.4	2,311.1	9.3% ↑	2,034.1	24.2% ↑



CASH FLOW

(in R\$ million)	3Q18	2Q18	QoQ (%)	3Q17	YoY (%)	9M18	9M17	YoY (%)
Cash Used in Operating Activities	81.9	73.8	10.9% ↑	64.1	27.8% ↑	212.3	205.6	3.3% ↑
Net Income (loss) before taxes	71.9	58.3	23.4% ↑	30.1	138.6% ↑	173.2	75.9	128.2% ↑
Depreciation and amortization	5.2	8.3	(37.2%) ↓	5.2	0.0% ↑	18.6	13.5	37.6% ↑
Impairment	(2.4)	(2.0)	(17.0%) ↓	(1.7)	(37.9%) ↓	(6.6)	(1.5)	(345.6%) ↓
Stock option plan expenses	2.4	0.9	180.4% ↑	1.7	41.4% ↑	13.1	1.4	810.3% ↑
Penalty fee over delayed projects	(0.0)	(0.1)	82.8% ↑	(0.0)	16.7% ↑	0.0	(0.5)	102.1% ↑
Unrealized interest and charges, net	0.8	2.8	(70.2%) ↓	8.6	(90.4%) ↓	1.9	18.5	(89.6%) ↓
Equity income	(0.3)	(0.5)	38.6% ↑	0.4	(179.0%) ↓	(0.8)	0.7	(212.1%) ↓
Disposal of fixed asset	0.0	0.0	0.0% ↑	0.6	(100.0%) ↓	0.0	1.1	(98.6%) ↓
Warranty provision	(1.7)	(5.4)	68.6% ↑	(9.8)	82.7% ↑	2.7	(0.1)	4,250.8% ↑
Provision for contingencies	(10.8)	1.4	(863.3%) ↓	21.1	(151.1%) ↓	(12.6)	22.8	(155.1%) ↓
Profit sharing provision	4.8	5.6	(13.8%) ↓	4.2	15.3% ↑	15.4	13.8	11.4% ↑
Provision (reversal) for doubtful accounts and cancellations	5.8	9.9	(41.8%) ↓	3.8	50.6% ↑	20.9	16.6	25.8% ↑
Provision for cancellations and cancellations payable	(1.3)	1.0	(237.1%) ↓	(1.5)	11.1% ↑	(0.1)	2.0	(104.3%) ↓
Clients	(46.6)	(16.1)	(189.8%) ↓	7.2	(743.8%) ↓	(94.1)	(12.4)	(659.7%) ↓
Properties for sale	(27.6)	(5.2)	(427.5%) ↓	(74.6)	63.0% ↑	(14.2)	(97.4)	85.4% ↑
Other receivables	(7.6)	1.9	(493.5%) ↓	2.7	(385.2%) ↓	(4.0)	8.4	(147.1%) ↓
Obligations for purchase of real properties	69.0	25.6	169.9% ↑	89.6	(23.0%) ↓	88.6	116.4	(23.9%) ↓
Taxes and contributions	1.3	11.3	(88.6%) ↓	(21.0)	106.2% ↑	13.1	(1.3)	1,112.8% ↑
Accounts payable	10.6	1.0	934.7% ↑	2.8	279.8% ↑	17.5	(0.0)	92,326.3% ↑
Salaries, payroll charges and bonus provision	3.6	(12.4)	128.8% ↑	(7.4)	148.3% ↑	(7.5)	(5.4)	(38.5%) ↓
Other accounts payable	6.0	2.5	140.7% ↑	(11.4)	152.6% ↑	8.3	(7.6)	210.0% ↑
Current account operations	1.3	0.6	106.6% ↑	15.1	(91.7%) ↓	3.1	49.9	(93.7%) ↓
Taxes paid	(6.1)	(18.6)	67.2% ↑	(8.7)	30.1% ↑	(29.6)	(20.7)	(43.2%) ↓
Present value adjustment	0.9	1.4	(36.6%) ↓	2.4	(63.0%) ↓	1.0	11.9	(91.4%) ↓
Other operating revenue/expenses	0.0	0.0	0.0% ↑	0.0	(100.0%) ↓	0.0	0.9	(100.0%) ↓
Deferred income tax and social contribution	2.7	1.7	60.7% ↑	4.7	(43.4%) ↓	4.3	(1.4)	411.8% ↑
Cash used in investment activities	(188.8)	(11.1)	(1,602.4%) ↓	(91.6)	(106.0%) ↓	(354.1)	(180.5)	(96.2%) ↓
Investment activities	0.0	0.0	0.0% ↑	0.0	0.0% ↑	0.0	0.0	0.0% ↑
Purchase of property and equipment	(7.8)	(8.2)	5.3% ↑	(8.5)	8.8% ↑	(19.1)	(24.7)	22.7% ↑
Redemption of securities, sureties and credits	347.4	303.0	14.7% ↑	358.5	(3.1%) ↓	854.1	1,205.0	(29.1%) ↓
Investments in marketable securities and restricted credits	(528.4)	(305.9)	(72.7%) ↓	(441.6)	(19.7%) ↓	(1,189.1)	(1,360.7)	12.6% ↑
Cash provided by financing activities	109.2	(74.6)	246.5% ↑	(20.2)	639.9% ↑	138.1	(16.8)	919.6% ↑
Stock Buyback	(39.9)	(73.2)	45.5% ↑	0.0	0.0% ↑	(113.2)	0.0	0.0% ↑
Capital Reserve Increase	0.0	1.0	(97.3%) ↓	0.0	0.0% ↑	1.1	0.0	0.0% ↑
Loans and financing increase	265.8	106.9	148.7% ↑	91.8	189.5% ↑	582.5	291.5	99.8% ↑
Amortization of loans and financing	(116.5)	(109.0)	(6.9%) ↓	(143.7)	18.9% ↑	(331.9)	(308.3)	(7.6%) ↓
Loan operations	(0.2)	(0.2)	10.6% ↑	31.7	(100.5%) ↓	(0.5)	0.0	0.0% ↑
Net increase (decrease) in cash and cash equivalents	2.4	(11.8)	120.0% ↑	(47.8)	104.9% ↑	(3.7)	8.3	(145.1%) ↓
At the beginning of the period	33.3	45.1	(26.2%) ↓	84.5	(60.6%) ↓	39.4	28.4	38.6% ↑
At the end of the period	35.6	33.3	7.1% ↑	36.7	(2.8%) ↓	35.6	36.7	(2.8%) ↓



INVESTOR RELATIONS

Renan Barbosa Sanches
CFO and Investor Relations Officer

Luiz Felipe Fustaino
Investor Relations and Treasury Manager

Thais Nogueira Alonso
Investor Relations and Treasury Coordinator

Investor Relations

Phone: +55 (11) 3111-9909

E-mail: ri@tenda.com

Website: ir.tenda.com

MEDIA RELATIONS

Máquina Cohn & Wolfe

Mariana Uchôa

Phone: +55 (11) 3147-7258

E-mail: tenda@maquinacohnwolfe.com

About Tenda

Construtora Tenda S.A. (B3: TEND) is Brazil's second largest homebuilder focused on the lower-income housing segment, listed on the Novo Mercado, B3's highest level of corporate governance. The Company concentrates its activities in six of the largest metropolitan regions of the country, exclusively operating in the levels 1.5 and 2 of the federal housing program "Minha Casa, Minha Vida" (MCMV). With a strategy of sustainable growth, excellent execution, and solid business model, Tenda has been able to deliver strong cash generation and growing profits, maintaining its vision of offering investors the highest returns in the lower-income segment.

(Convenience translation into English of the original previously issued in Portuguese)

CONSTRUTORA TENDA S.A. AND SUBSIDIARIES

BALANCE SHEETS AS AT SEPTEMBER 30, 2018
(In thousands of Brazilian reais - R\$)

ASSETS	Notes	Parent		Consolidated	
		09/30/2018	12/31/2017	09/30/2018	12/31/2017
CURRENT ASSETS					
Cash and cash equivalents	4.1	14,650	19,480	35,648	39,377
Securities	4.2	568,150	280,327	811,806	458,346
Receivables from developments and services provided	5	71,820	59,308	322,860	277,073
Properties for sale	6	80,376	109,262	498,722	517,172
Due from related parties	7.1	15,176	110,097	8,930	13,222
Land for sale	8	29,114	35,211	41,562	64,827
Escrow deposits	18.2	11,514	10,557	11,760	10,752
Other receivables		13,272	21,173	25,901	31,960
Total current assets		804,072	645,415	1,757,189	1,412,729
NONCURRENT ASSETS					
Receivables from developments and services provided	5	31,162	32,968	148,309	119,768
Properties for sale	6	51,518	56,453	453,719	417,033
Due from related parties	7.1	43,619	43,136	34,320	33,837
Escrow deposits	18.2	20,993	19,247	21,442	19,603
Deferred taxes	17	3,323	3,323	3,323	3,323
Investments in equity interests	9	1,072,935	909,627	43,059	65,417
Property and equipment	10	37,720	41,824	39,420	41,824
Intangible assets	11	24,580	21,644	24,580	21,644
Total noncurrent assets		1,285,850	1,128,222	768,172	722,449
TOTAL ASSETS		2,089,922	1,773,637	2,525,361	2,135,178

The accompanying notes are an integral part of this interim financial information.

(Convenience translation into English of the original previously issued in Portuguese)

CONSTRUTORA TENDA S.A. AND SUBSIDIARIES

BALANCE SHEETS AS AT SEPTEMBER 30, 2018
(In thousands of Brazilian reais - R\$)

LIABILITIES AND EQUITY	Notes	Parent		Consolidated	
		09/30/2018	12/31/2017	09/30/2018	12/31/2017
CURRENT LIABILITIES					
Borrowings and financing	12	385	17,315	5,779	31,033
Payables for materials and services		13,030	5,699	40,272	22,749
Taxes and contributions	15	16,573	14,964	32,045	27,387
Payroll, related taxes and profit sharing	14	10,839	9,932	44,854	36,995
Payables for purchase of properties and advances from customers	16	8,540	5,980	221,137	204,661
Provisions and contract terminations payable		2,737	3,347	6,630	6,716
Due to related parties	7.1	295,902	265,145	26,341	30,793
Allowance for loss on investments	9	17,974	21,027	5,457	5,456
Other payables		6,383	5,435	12,960	8,413
Provision for contingencies	18.1	22,980	27,158	25,278	31,564
Total current liabilities		395,343	376,002	420,753	405,767
NONCURRENT LIABILITIES					
Borrowings and financing	12	12,446	20,683	106,950	85,130
Debentures	13	428,479	154,002	428,479	154,002
Payables for purchase of properties and advances from customers	16	8,053	11,007	288,594	240,139
Provision for contingencies	18.1	22,916	27,082	25,209	31,475
Income tax and social contribution	17	-	-	6,854	5,851
Due to related parties	7.1	-	15,860	-	19,884
Other payables		10,967	10,309	30,443	29,191
Total noncurrent liabilities		482,861	238,943	886,529	565,672
EQUITY					
Capital	19.1	1,095,583	1,094,171	1,095,583	1,094,171
Capital and stock option reserve	19.2	115,947	103,434	115,947	103,434
Accumulated earnings (losses)		113,373	(38,913)	113,373	(38,913)
Treasury shares	19.3	(113,185)	-	(113,185)	-
Equity attributable to the Company's owners		1,211,718	1,158,692	1,211,718	1,158,692
Noncontrolling interests		-	-	6,361	5,047
Total equity		1,211,718	1,158,692	1,218,079	1,163,739
TOTAL LIABILITIES AND EQUITY		2,089,922	1,773,637	2,525,361	2,135,178

The accompanying notes are an integral part of this interim financial information.

(Convenience translation into English of the original previously issued in Portuguese)

CONSTRUTORA TENDA S.A. AND SUBSIDIARIES

INCOME STATEMENTS
FOR THE THREE- AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2018
(In thousands of Brazilian reais - R\$, except earnings per share)

	Notes	Parent				Consolidated			
		07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017
NET OPERATING REVENUE	23	85,465	212,971	63,219	199,458	461,469	1,226,616	361,401	1,000,724
OPERATING COSTS	24	(64,453)	(151,239)	(40,862)	(123,732)	(306,455)	(804,102)	(230,324)	(658,825)
GROSS PROFIT		21,012	61,732	22,357	75,726	155,014	422,514	131,077	341,899
OPERATING INCOME (EXPENSES)									
Selling expenses	24	(5,923)	(17,230)	(5,744)	(16,727)	(39,244)	(106,669)	(35,545)	(98,490)
General and administrative expenses	24	(8,163)	(32,178)	(9,141)	(21,860)	(28,346)	(88,846)	(24,849)	(69,541)
Share of profit of investees	9	75,942	200,524	59,663	128,811	278	815	(352)	(727)
Other income (expenses) - net	24	(17,786)	(62,809)	(37,244)	(93,626)	(16,836)	(62,298)	(39,410)	(96,541)
PROFIT BEFORE FINANCE INCOME (COSTS)		65,082	150,039	29,891	72,324	70,866	165,516	30,921	76,600
FINANCE INCOME (COSTS)		(651)	2,247	(2,752)	(5,438)	1,022	7,640	(795)	(724)
Finance income	25	6,749	21,311	4,466	12,578	9,622	30,155	8,046	21,885
Finance costs	25	(7,400)	(19,064)	(7,218)	(18,016)	(8,600)	(22,515)	(8,841)	(22,609)
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		64,431	152,286	27,139	66,886	71,888	173,156	30,126	75,876
INCOME TAX AND SOCIAL CONTRIBUTION		-	-	3,577	3,577	(6,637)	(19,556)	311	(6,744)
Current income tax and social contribution	17	-	-	-	-	(7,027)	(18,501)	(8,514)	(21,423)
Deferred income tax and social contribution	17	-	-	3,577	3,577	390	(1,055)	8,825	14,679
PROFIT FOR THE PERIOD		64,431	152,286	30,716	70,463	65,251	153,600	30,437	69,132
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:									
Owners of the Company		64,431	152,286	30,716	70,463	64,431	152,286	30,716	70,463
Noncontrolling interests		-	-	-	-	820	1,314	(279)	(1,331)
EARNINGS PER SHARE ATTRIBUTABLE TO COMPANY OWNERS									
Basic earnings per thousand shares – in reais	21	1.2371	2.9240	0.5688	1.3049	1.2371	2.9240	0.5688	1.3049
Diluted earnings per thousand shares – in reais	21	1.1411	2.6970	0.5356	1.2286	1.1411	2.6970	0.5356	1.2286

The accompanying notes are an integral part of this interim financial information.

(Convenience translation into English of the original previously issued in Portuguese)

CONSTRUTORA TENDA S.A. AND SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE- AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2018
(In thousands of Brazilian reais - R\$)

	Parent				Consolidated			
	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017
PROFIT FOR THE PERIOD	64,431	152,286	30,716	70,463	65,251	153,600	30,437	69,132
Other comprehensive income	-	-	-	-	-	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	64,431	152,286	30,716	70,463	65,251	153,600	30,437	69,132
COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO								
Owners of the Company	64,431	152,286	30,716	70,463	64,431	152,286	30,716	70,463
Noncontrolling interests	-	-	-	-	820	1,314	(279)	(1,331)
	64,431	152,286	30,716	70,463	65,251	153,600	30,437	69,132

The accompanying notes are an integral part of this interim financial information.

(Convenience translation into English of the original previously issued in Portuguese)

CONSTRUTORA TENDA S.A. AND SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018
(In thousands of Brazilian reais - R\$)

Notes	Attributable to owners of the Company				Total Parent	Noncontrolling interests	Total equity
	Capital	Capital reserve	Retained earnings (accumulated losses)	Treasury shares			
BALANCE AS AT DECEMBER 31, 2016	1,094,000	100,725	(145,599)	-	1,049,126	26,496	1,075,622
Recognized stock options granted	-	1,434	-	-	1,434	-	1,434
Acquisition of control	-	-	-	-	-	6,906	6,906
Acquisition of noncontrolling interests	-	-	-	-	-	(6,906)	(6,906)
Loss of control	-	-	-	-	-	(19,399)	(19,399)
Profit (loss) for the period	-	-	70,463	-	70,463	(1,331)	69,132
BALANCE AS AT SEPTEMBER 30, 2017	1,094,000	102,159	(75,136)	-	1,121,023	5,766	1,126,789
BALANCE AS AT DECEMBER 31, 2017	1,094,171	103,434	(38,913)	-	1,158,692	5,047	1,163,739
Capital increase	1,658	(1,658)	-	-	-	-	-
Increase of capital reserve	-	1,117	-	-	1,117	-	1,117
Share issuance costs	19.1	(246)	-	-	(246)	-	(246)
Recognized stock options granted	19.2	-	13,054	-	13,054	-	13,054
Share buyback	19.3	-	-	(113,185)	(113,185)	-	(113,185)
Profit for the period	-	-	152,286	-	152,286	1,314	153,600
BALANCES AS AT SEPTEMBER 30, 2018	1,095,583	115,947	113,373	(113,185)	1,211,718	6,361	1,218,079

The accompanying notes are an integral part of this interim financial information.

(Convenience translation into English of the original previously issued in Portuguese)

CONSTRUTORA TENDA S.A. AND SUBSIDIARIES

STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30,2018
(In thousands of Brazilian reais - R\$)

	Notes	Parent		Consolidated	
		09/30/2018	09/30/2017	09/30/2018	09/30/2017
CASH FLOW FROM OPERATING ACTIVITIES					
PROFIT FOR THE PERIOD BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		152,286	66,886	173,156	75,876
Adjustments for:					
Depreciation and amortization	10 and 11	18,498	13,494	18,579	13,499
Allowance for (reversal of) doubtful debts and contract terminations	5 and 6	2,424	(3,574)	20,896	16,614
Present value adjustment	5	(691)	2,646	1,025	11,876
Allowance for impairment of nonfinancial assets	6 and 8	(6,131)	(1,363)	(6,577)	(1,476)
Share of profit (loss) of investees	9	(200,524)	(128,811)	(815)	727
Provision for (reversal) contingencies and commitments	18	(8,344)	19,942	(12,552)	22,768
Unrealized interest and finance charges, net		(197)	12,100	1,916	18,463
Provision for warranties		206	(980)	2,698	(65)
Accrued profit sharing	24	6,580	9,559	15,408	13,826
Stock option costs	19.2	13,054	1,434	13,054	1,434
Disposal of property and equipment and intangible assets, net	10 and 11	15	1,083	15	1,083
Other provisions		(598)	434	(75)	1,500
Other operating income and expenses		-	4,334	-	903
Deferred taxes (PIS and COFINS)		(3,801)	1,724	4,284	(1,374)
Decrease (increase) in operating assets					
Receivables from developments and services provided		(10,212)	17,345	(94,061)	(12,382)
Properties and land for sale		45,020	23,470	(14,229)	(97,379)
Other receivables		5,198	4,361	(3,955)	8,397
Increase (decrease) in operating liabilities					
Payables for materials and services		7,331	1,603	17,523	(19)
Taxes and contributions		1,160	2,429	13,095	(1,293)
Payroll, related taxes and profit sharing		(5,673)	(6,081)	(7,549)	(5,449)
Payables for purchase of properties and advances from customers		(1,593)	(5,363)	88,578	116,411
Other payables		5,393	(13,130)	8,346	(7,589)
Related-party transactions		143,981	85,398	3,130	49,901
Income tax and social contribution paid		-	-	(29,609)	(20,680)
Net cash provided by operating activities		163,382	108,940	212,281	205,572
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of tangible and intangible assets	10 and 11	(17,345)	(24,732)	(19,126)	(24,740)
Investment in securities and secured investments		(945,008)	(1,131,255)	(1,189,061)	(1,360,734)
Redemption of securities and secured investments		672,701	1,033,114	854,089	1,205,014
Total net cash used in investing activities		(289,652)	(122,873)	(354,098)	(180,460)
CASH FLOWS FROM FINANCING ACTIVITIES					
Share buyback		(113,185)	-	(113,185)	-
Increase of capital reserve		1,117	-	1,117	-
Borrowings, financing and debentures		312,258	76,350	582,506	291,473
Repayment of borrowings, financing and debentures		(76,690)	(57,198)	(325,781)	(296,946)
Payment of borrowings, financing and debentures - interest		(1,577)	(5,831)	(6,086)	(11,376)
Intragroup loans		(483)	-	(483)	-
Net cash used in (provided by) financing activities		121,440	13,321	138,088	(16,849)
INCREASE (REDUCTION) IN CASH AND CASH EQUIVALENTS		(4,830)	(612)	(3,729)	8,263
CASH AND CASH EQUIVALENTS					
At the beginning of the period		19,480	12,124	39,377	28,414
At the end of the period		14,650	11,512	35,648	36,677
INCREASE (REDUCTION) IN CASH AND CASH EQUIVALENTS		(4,830)	(612)	(3,729)	8,263

The accompanying notes are an integral part of this interim financial information.

(Convenience translation into English of the original previously issued in Portuguese)

CONSTRUTORA TENDA S.A. AND SUBSIDIARIES

STATEMENTS OF VALUE ADDED
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30,2018
(In thousands of Brazilian reais - R\$)

	Parent		Consolidated	
	09/30/2018	09/30/2017	09/30/2018	09/30/2017
REVENUE				
Real estate development and sale	225,118	197,743	1,278,215	1,053,332
Reversal (recognition) of allowance for doubtful debts and contract terminations	(197)	28,727	(18,708)	2,219
	<u>224,921</u>	<u>226,470</u>	<u>1,259,507</u>	<u>1,055,551</u>
INPUTS PURCHASED FROM THIRD PARTIES				
Operating costs - real estate development and sale	(141,303)	(116,279)	(780,722)	(632,632)
Supplies, power, outside services and other inputs	(70,849)	(93,915)	(98,529)	(111,994)
	<u>(212,152)</u>	<u>(210,194)</u>	<u>(879,251)</u>	<u>(744,626)</u>
GROSS VALUE ADDED	<u>12,769</u>	<u>16,276</u>	<u>380,256</u>	<u>310,925</u>
RETENTIONS				
Depreciation and amortization	(18,498)	(13,494)	(18,579)	(13,499)
WEALTH CREATED BY THE COMPANY	<u>(5,729)</u>	<u>2,782</u>	<u>361,677</u>	<u>297,426</u>
WEALTH RECEIVED IN TRANSFER				
Share of profit (loss) of investees	200,524	128,811	815	(727)
Finance income	22,346	13,184	31,569	22,843
	<u>222,870</u>	<u>141,995</u>	<u>32,384</u>	<u>22,116</u>
WEALTH FOR DISTRIBUTION	<u>217,141</u>	<u>144,777</u>	<u>394,061</u>	<u>319,542</u>
WEALTH DISTRIBUTED				
Employees and payroll taxes	26,092	24,694	125,624	121,057
Direct compensation	23,444	20,480	102,124	95,404
Benefits	1,532	2,951	14,028	14,962
Payroll taxes	1,116	1,263	9,472	10,691
TAXES, FEES AND CONTRIBUTIONS	15,298	27,471	74,552	83,871
Federal	14,879	25,391	73,887	81,651
Municipal	419	2,080	665	2,220
LENDERS AND LESSORS				
Interest and leases	23,465	22,149	40,285	45,482
SHAREHOLDERS				
Retained earnings	152,286	70,463	152,286	70,463
Offset losses attributable to noncontrolling interests	-	-	1,314	(1,331)

The accompanying notes are an integral part of this interim financial information.

(Convenience translation into English of the original previously issued in Portuguese)

CONSTRUTORA TENDA S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

1. GENERAL INFORMATION

Construtora Tenda S.A. ("Company" or "Tenda") is a publicly-traded company with registered head office at Rua Álvares Penteado, 61, in the city of São Paulo, State of São Paulo, and registered with the São Paulo Stock Exchange (B3, former BMF&BOVESPA) under the ticker symbol "TEND3".

Tenda and its subsidiaries engage in the performance of general construction works, real estate development, real estate purchase and sale, the provision of general construction management services, the intermediation of the sale of consortium shares, and holding of interests in other companies.

The real estate development projects carried out by the Company together with third parties are structured through specific purpose entities ("SPEs"). The subsidiaries significantly share the Company's management, operating, and corporate costs. The SPEs are exclusively engaged in real estate operations and are linked to specific projects.

On April 24, 2017, the Company disclosed a notice to the market informing that its shares will start to be traded in the basic segment of B3 – Brasil, Bolsa, Balcão (former BM&FBOVESPA), as approved at the Company's Extraordinary Shareholders' Meeting held on February 20, 2017. On May 4, 2017, Tenda started to be traded on B3 - Brasil, Bolsa e Balcão.

On June 28, 2017, the Company disclosed a notice to the market that its shares started to be traded in the special listing segment of B3 (former BM&FBOVESPA) called Novo Mercado.

2. PRESENTATION OF INTERIM FINANCIAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The Company's interim financial information comprises:

- a) The individual interim financial information prepared in accordance with accounting practices adopted in Brazil, as laid down in accounting pronouncement CPC 21 (R1) – Interim Financial Reporting, and the consolidated interim financial information in accordance with CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board ("IASB"), which takes into consideration the guidance contained in CVM/SNC/SEP Circular Letter 01/2018 regarding the implementation of OCPC 04 on the application of ICPC 02 - Real Estate Industry Construction Contracts, issued by the Accounting Pronouncements Committee ("CPC"), approved by the Brazilian Securities and Exchange Commission ("CVM") and the Federal Accounting Council ("CFC"), identified as "Parent"; and
- b) The consolidated interim financial information prepared in accordance with accounting practices adopted in Brazil, as laid down in accounting pronouncement CPC 21 (R1) - Interim Financial Reporting, and the consolidated interim financial information in accordance with CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board ("IASB"), which takes into consideration the guidance contained in CVM/SNC/SEP Circular Letter 01/2018 regarding the implementation of OCPC 04 on the application of ICPC 02 - Real Estate Industry Construction Contracts, issued by the Accounting Pronouncements Committee ("CPC"), approved by the Brazilian Securities and Exchange Commission ("CVM") and the Federal Accounting Council ("CFC"), identified as "Consolidated".

2.2 Basis of preparation

The interim financial information has been prepared in the normal course of business, using the historical cost as the value base, and liabilities and assets at present or realizable value.

All relevant information related to the interim financial information and only this information is being disclosed and corresponds to the information used by the Company's Management in its management.

In preparing the interim financial information, Management assesses the Company's ability to continue as a going concern.

Except for the information on the application of the new accounting practices described in note 3.1, the information on the basis for preparation and presentation of the interim financial information, the summary of the significant accounting policies, and the use of estimates and judgments did not change as compared to the information disclosed in note 2 to the Annual Financial Statements for the year ended December 31, 2017, published on March 9, 2018 in the newspapers O Estado de São Paulo and Diário Oficial do Estado de São Paulo (the São Paulo State Official Gazette), and made available on the following websites: www.cvm.gov.br, www.bmfbovespa.com.br and <http://ir.tenda.com>.

All the figures disclosed in this financial information are expressed in thousands of Brazilian reais, unless otherwise stated.

2.3 Approval of interim financial information

The Company's individual and consolidated interim financial information were approved by the Board of Directors and authorized for issuance on November 08, 2018.

2.4 Consolidated interim financial information

The Company's consolidated interim financial information includes the individual financial information of the Parent and its direct and indirect subsidiaries. The Company has the control over an entity when it is exposed or has rights to variable returns from its involvement with the entity and has ability to affect those returns through power over an entity. The existence and the effects of potential voting rights, currently exercisable or convertible, are taken into consideration when determining whether the Company controls or not another entity. Subsidiaries are fully consolidated from the date on which control is transferred until the date control ceases.

The accounting policies have been consistently applied by all subsidiaries included in the interim financial information. (note 9.)

2.5 Statements of value added

The purpose of this statement is to disclose the wealth created by the Company and its distribution during a certain reporting period, and is presented by the Company, as required by the Brazilian Corporate Law, as an integral part of its individual financial statements, and as supplemental information to the consolidated financial statements, since this statement is neither required nor mandatory under IFRSs. The statements of value added have been prepared using information obtained in the same accounting records used to prepare the financial statements and pursuant to the provisions of CPC 09 - Statement of Value Added.

3. ISSUED NEW AND REVISED STANDARDS AND INTERPRETATIONS

3.1 New and revised standards and interpretations already adopted:

In the current year, the Company adopted new interpretations to IFRSs and CPCs issued by the International Accounting Standards Board (“IASB”) and the CPC. The adoption of these new and revised IFRSs did not have any significant impact on the amounts reported and/or disclosed for the current and prior years.

New and revised standards and interpretations	Effective beginning
Annual improvements to IFRSs: 2014-2016 Cycle	January 1, 2018
IFRS 9 (CPC 48) - Financial Instruments (a)	January 1, 2018

(a) IFRS 9 supersedes the guidelines prescribed by IAS 39 (CPC 38) - Financial Instruments: Recognition and Measurement. IFRS 9 includes new models for the classification and measurement of financial instruments and the measurement of expected credit losses for financial and contractual assets, as well as new requirements on hedge accounting. The new standard maintains the existing guidelines on the recognition and derecognition of financial instruments in IAS 39. The Company adopted the new criteria on expected credit losses for financial and contractual assets and their impact was immaterial.

3.2 New and revised standards and interpretations not yet adopted:

The following new and revised standards and interpretations will become effective as follow:

New and revised standards and interpretations	Effective beginning
IFRS 15 (CPC 47) - Revenue from Contracts with Customers (a)	January 1, 2018
IFRS 16 (CPC 06 R2) - Leases (b)	January 1, 2019

(a) IFRS 15 - Revenue from Contracts with Customers

CPC 47 (IFRS 15) requires that an entity recognize the amount of revenue reflecting the consideration it expects to receive in exchange for the control over such goods or services. The new standard will supersede most of the detailed guidance on revenue recognition that currently exists under IFRSs when it is adopted. For the real estate development industry, the evaluation will focus on the recognition of revenue by maintaining the percentage of completion (POC) method, or adopting the delivery of keys method.

CVM, through CVM/SNC/SEP/ Circular Letter 1/2018, instructed entities to observe the provisions of OCPC 04 currently in effect, approved by CVM Resolution 653/2010, by applying the adjustments deemed necessary as IFRS 15 becomes effective for annual periods beginning on or after January 1, 2018, until an alignment is reached on whether or not to apply the revenue recognition over time. Accordingly, the Company is awaiting a consensus is reached on this matter to disclose in its financial statements the possible impact of CPC 47.

(b) IFRS 16 - Leases

IFRS 16 introduces a single model for the recognition of leases in the lessees’ balance sheet. A lessee recognizes a right of use asset that represents its right to use the asset and a lease liability that represents its obligation to make lease payments. Optional exemptions are available for short-term leases and low-value items. The lessor’s accounting remains similar to the current standard, i.e., the lessors continue to classify the leases as finance or operating leases.

IFRS 16 supersedes the existing lease standards, including CPC 06 (IAS 17) - Leases and ICPC 03 (IFRIC 4, SIC 15 and SIC 27) - Supplemental Aspects of Leases.

The Company believes that the potential impact (note 18.4(i)) on its financial statements will be the requirement to recognize new assets and new liabilities for its operating leases of its administrative offices. In addition, the nature of the expenses related to such leases will be changed, because IFRS 16 substitutes the straight-lined operating lease expenses for the depreciation expenses of the right of use and interest on lease liabilities.

4. CASH AND CASH EQUIVALENTS AND SECURITIES

4.1. Cash and cash equivalents

	Parent		Consolidated	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Cash and banks	9,577	19,480	30,575	39,377
Bank certificate of deposit	5,073	-	5,073	-
Cash and cash equivalents (note 22.b.i)	14,650	19,480	35,648	39,377

4.2. Securities

	Parent		Consolidated	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Fixed-income funds	-	-	1,715	1,718
Exclusive funds (a)	528,063	248,290	652,567	330,447
Securities purchased under resale agreements	33	7,828	33	7,828
Bank certificate of deposit (b)	20,322	70	21,061	230
Restricted short-term investments (c)	19,732	24,139	136,430	118,123
Total securities (note 22.b.i)	568,150	280,327	811,806	458,346

(a) Exclusive funds

	Parent		Consolidated	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
LTN	164,605	147,654	229,106	196,512
CDB (b)	15,394	2,989	20,625	3,979
LFT	198,079	97,647	252,851	129,956
Private securities	138,741	-	138,741	-
Securities purchased under resale agreements	11,244	-	11,244	-
Total exclusive funds	528,063	248,290	652,567	330,447

(b) As at September 30, 2018, the Bank Certificates of Deposit (CDBs) include interest earned through the statement of financial position's reporting date, ranging from 78.64% to 100.37% (from 78.64% to 100% as of December 31, 2017) of the Interbank Deposit Certificate (CDI).

(c) Restricted short-term investments are represented by the onlending of real estate pool funding receivables about to be approved by Caixa Econômica Federal (Federal savings bank). This funding is approved as the contracts entered into with customers are formalized with the financial institution, which the Company expects to occur in up to 90 days.

5. RECEIVABLES FROM DEVELOPMENTS AND SERVICES PROVIDED

	Parent		Consolidated	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Receivables from real estate development and sales	155,009	140,002	593,717	496,490
(-) Allowance for doubtful debts	(58,053)	(55,947)	(119,440)	(99,007)
(-) Allowance for contract terminations	(8,300)	(10,209)	(19,963)	(21,688)
(-) Present value adjustment	(2,305)	(2,996)	(11,904)	(10,879)
Receivables from land sales and services provided	16,631	21,426	28,759	31,925
	102,982	92,276	471,169	396,841
Current	71,820	59,308	322,860	277,073
Noncurrent	31,162	32,968	148,309	119,768

The aging list of trade receivables is as follows:

Maturity	Parent		Consolidated	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Past due				
Up to 90 days	375	374	6,833	13,549
91-180 days	942	1,564	17,299	9,888
More than 180 days (a)	35,112	50,702	62,861	76,773
Subtotal – past due	36,429	52,640	86,993	100,210
Current				
2018	29,766	79,630	80,471	287,400
2019	88,831	14,911	355,041	79,792
2020	7,526	6,072	49,511	24,056
2021	3,805	3,720	24,718	21,408
2022	2,463	4,455	15,739	15,549
2023 and thereafter	2,820	-	10,003	-
Subtotal – current	135,211	108,788	535,483	428,205
(-) Present value adjustment	(2,305)	(2,996)	(11,904)	(10,879)
(-) Allowance for doubtful debts and contract terminations	(66,353)	(66,156)	(139,403)	(120,695)
	102,982	92,276	471,169	396,841

(a) Of the amount past due for more than 180 days, amounts being transferred to financial institutions total R\$10,839 in Parent and R\$23,413 in consolidated (R\$28,301 in Parent and R\$55,255 in consolidated as at December 31, 2017).

The variations in the allowances for doubtful debts and contract terminations in the periods ended September 30, 2018 and 2017 are summarized below:

	Parent			
	Trade receivables - Allowance for doubtful debts	Trade receivables - Allowance for contract terminations	Properties for sale (note 6)	Net balance
Balance as at December 31, 2016	(60,775)	(43,090)	34,514	(69,351)
Additions	(7,858)	(5,229)	3,603	(9,484)
Reversals	4,857	36,957	(28,756)	13,058
Balance as at September 30, 2017	(63,776)	(11,362)	9,361	(65,777)
Balance as at December 31, 2017	(55,947)	(10,209)	9,547	(56,609)
Additions	(7,094)	(2,305)	1,206	(8,193)
Reversals	729	4,214	(3,433)	1,510
Write-offs	4,259	-	-	4,259
Balance as at September 30, 2018	(58,053)	(8,300)	7,320	(59,033)
	Consolidated			
	Trade receivables - Allowance for doubtful debts	Trade receivables - Allowance for contract terminations	Properties for sale (note 6)	Net balance
Balance as at December 31, 2016	(79,586)	(45,772)	36,357	(89,001)
Additions	(32,129)	(29,749)	22,512	(39,366)
Reversals	7,366	56,731	(41,345)	22,752
Balance as at September 30, 2017	(104,349)	(18,790)	17,524	(105,615)
Balance as at December 31, 2017	(99,007)	(21,688)	20,375	(100,320)
Additions	(31,286)	(10,322)	6,669	(34,939)
Reversals	3,430	12,047	(8,857)	6,620
Write-offs	7,423	-	-	7,423
Balance as at September 30, 2018	(119,440)	(19,963)	18,187	(121,216)

The total adjustment to present value recognized in revenue for real estate development for the period ended September 30, 2018 was R\$691 (R\$2,646 in September 2017), in Parent, and R\$1,025 (R\$11,876 in September 2017) in consolidated.

The discount rate applied by the Company and its subsidiaries was 3.93% for 2018 (3.93% in 2017, net of INCC).

6. PROPERTIES FOR SALE

	Parent		Consolidated	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Land	70,808	76,483	732,455	654,009
Properties under construction	35,679	57,816	182,698	226,364
Cost of properties in the recognition of the allowance for contract terminations (note 5)	7,320	9,547	18,187	20,375
Completed units	20,584	31,744	56,067	70,846
(-) Present value adjustment in land purchases	(346)	(1,593)	(34,522)	(28,368)
(-) Impairment of properties for sale	(2,151)	(8,282)	(2,444)	(9,021)
	<u>131,894</u>	<u>165,715</u>	<u>952,441</u>	<u>934,205</u>
Current	80,376	109,262	498,722	517,172
Noncurrent	51,518	56,453	453,719	417,033

The Company has commitments to build bartered units, relating to the acquisition of land, recognized based on the fair value of bartered units at the acquisition date. As at September 30, 2018, the balance of obligations for land acquired under barter agreements totals R\$1,872 (R\$1,921 as at December 31, 2017) in Parent and R\$100,545 (R\$118,037 as at December 31, 2017) in consolidated (note 16).

As described in note 12, the balance of capitalized finance charges as at September 30, 2018 was R\$5,921 (R\$7,357 as at December 31, 2017) in Parent and R\$24,096 (R\$28,394 as at December 31, 2017) in consolidated.

7. RELATED PARTIES

7.1. Related-party balances

The asset and liability balances with related parties are as follows:

	Parent		Consolidated	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Assets				
Subsidiaries				
Related parties' current account (a)	6,246	96,875	-	-
Loan receivable (c)	9,299	9,299	-	-
Total subsidiaries	<u>15,545</u>	<u>106,174</u>	<u>-</u>	<u>-</u>
Joint ventures				
Related parties' current account (a)	8,930	13,222	8,930	13,222
Loan receivable (c)	34,320	33,837	34,320	33,837
Total	<u>43,250</u>	<u>47,059</u>	<u>43,250</u>	<u>47,059</u>
Total assets	<u>58,795</u>	<u>153,233</u>	<u>43,250</u>	<u>47,059</u>
Current	15,176	110,097	8,930	13,222
Noncurrent	43,619	43,136	34,320	33,837
Liabilities				
Subsidiaries				
Related parties' current account (b)	269,561	230,328	-	-
Total subsidiaries	<u>269,561</u>	<u>230,328</u>	<u>-</u>	<u>-</u>
Joint ventures				
Related parties' current account (b)	26,341	34,817	26,341	34,817
Loan payable (c)	-	15,860	-	15,860
Total	<u>26,341</u>	<u>50,677</u>	<u>26,341</u>	<u>50,677</u>
Total liabilities	<u>295,902</u>	<u>281,005</u>	<u>26,341</u>	<u>50,677</u>
Current	295,902	265,145	26,341	30,793
Noncurrent	-	15,860	-	19,884

(a) The Company participates in real estate development projects with other partners, either directly or through related companies. These projects' management structure and cash management are centralized in the company leading the project, which also oversees the construction and budget progress. Thus, the project leader ensures that the necessary funds are used and allocated as planned. The sources and uses of the projects' funds are reflected in these balances, to the extent of the equity interest held by each investor, which is not subject to inflation adjustments or finance charges imposed by each investor, and do not have a fixed maturity date. The purpose of these transactions is to streamline the business relationships that demand a joint management of amounts mutually owed by the parties and, consequently, the control over the movements of amounts mutually handed over, which are netted when the current account is closed. The average period of time to develop and complete the projects in which the funds are invested ranges from 18 to 24 months;

(b) Amount relating to funds transferred between the group companies, which will be derecognized through a capital increase or decrease;

- (c) The intragroup loans between the Company and its joint ventures—detailed below—result from the need to meet cash requirements for the development of their corresponding activities and are subject to the finance charges set forth in the underlying agreements. Related-party transactions are conducted at arm's length and appropriate in order to preserve the interests of both parties involved in each transaction.

The table below shows the breakdown, type, and terms and conditions of the balances of intragroup loans and borrowings. The maturities of intragroup loans and borrowings are contingent on the duration of the related projects.

	Parent		Consolidated		Type	Interest rate
	09/30/2018	12/31/2017	09/30/2018	12/31/2017		
Subsidiaries						
Fit 09 SPE Empr. Imob. Ltda.	9,299	9,299	-	-	Construction	120% to 126.5% p.a. of CDI
Loans to subsidiaries	9,299	9,299	-	-		
Joint ventures						
Atua Construtora e Incorporadora S.A. (a)	12,167	12,167	12,167	12,167	Construction	112% of 113.5% of CDI
Fit 19 SPE Empr. Imobiliários Ltda. (b)	17,672	17,389	17,672	17,389	Construction	100% of CDI
Acedio SPE Empr. Imobiliários Ltda. (b)	4,481	4,281	4,481	4,281	Construction	100% of CDI
Loans receivable - Joint venture	34,320	33,837	34,320	33,837		
	43,619	43,136	34,320	33,837		

- (a) Amount related to a Company loan to Atua Construtora e Incorporadora S.A., which is being disputed in arbitration, at the Center for Arbitration and Mediation of the Chamber of Commerce Brazil-Canada (CAM/CCBC). The amount is no longer adjusted based at the agreed finance charges in light of the arbitration.
- (b) Amounts receivable between SPEs that are adjusted through August 2014 (date of last request in arbitration) using the contractually agreed financial charges. These amounts are being disputed in arbitration, at the Center for Arbitration and Mediation of the Chamber of Commerce Brazil-Canada (CAM/CCBC). The loan to Fit 09 SPE Empr. Imob. Ltda. was eliminated for purposes of the consolidated interim financial information, and the balance variations shown arise from the new amounts to guarantee the companies' operations.

7.2. Guarantees, collaterals and sureties

The financial transactions of Tenda group are collateralized by guarantees or sureties in proportion to the Company's interests in the capital of such companies, totaling R\$470,080 as at September 30, 2018 (R\$375,306 as at December 31, 2017).

7.3. Transactions with related parties of the same group

The transactions between the Company and its subsidiaries amounted to R\$8,381 as at September 30, 2018 related to management and construction work management services (R\$41,565 in September 2017), which were recognized in line item 'Net operating revenue' in the Parent, and were fully eliminated from the consolidated interim financial information.

8. LAND FOR SALE

The Company, in line with its implemented strategic guidelines, opted for putting for sale the land not taken into consideration in the business plan approved for 2018. Similarly, it designed a specific plan for selling such land. The carrying amount of the land for sale, adjusted to market value, when applicable, after impairment tests, is as follows:

	Parent			Consolidated		
	Cost	Allowance for impairment	Net balance	Cost	Allowance for impairment	Net balance
Balance as at December 31, 2016	53,705	(10,218)	43,487	87,270	(12,043)	75,227
Additions	960	-	960	11,353	-	11,353
Reversals/write-offs	(10,082)	2,728	(7,354)	(10,245)	2,728	(7,517)
Balance as at September 30, 2017	44,583	(7,490)	37,093	88,378	(9,315)	79,063
Balance as at December 31, 2017	44,746	(9,535)	35,211	75,857	(11,030)	64,827
Additions	697	-	697	872	-	872
Reversals/write-offs	(6,794)	-	(6,794)	(24,137)	-	(24,137)
Balance as at September 30, 2018	38,649	(9,535)	29,114	52,592	(11,030)	41,562

9. INVESTMENTS IN EQUITY INTERESTS

(i) Equity interests:

<u>Subsidiaries</u>	Parent		Consolidated	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Wholly-owned	1,016,404	822,372	-	-
Due to management of material operations	9,085	16,980	-	-
Capitalized interest	4,387	4,858	-	-
	<u>1,029,876</u>	<u>844,210</u>	-	-
Joint ventures	43,059	65,417	43,059	65,417
	<u>1,072,935</u>	<u>909,627</u>	<u>43,059</u>	<u>65,417</u>

Variations in investments

	Parent	Consolidated
Balance as at December 31, 2016	<u>1,409,681</u>	<u>147,831</u>
Share of profit (loss) of investees	128,811	(727)
Dividends	(38,686)	-
Advance for future capital increase	(65,755)	-
Capital payment	92,895	-
Capital decrease (d)	(393,894)	(13,353)
Acquisition (sale) of equity interests	11,757	-
Acquisition of control/ loss of control (a, b, c)	-	(67,103)
Allowance for (reversal of) investment losses	(1,639)	51
Other investments	(4,334)	(903)
Balance as at September 30, 2017	<u>1,138,836</u>	<u>65,796</u>
Balance as at December 31, 2017	<u>909,627</u>	<u>65,417</u>
Share of profit (loss) of investees	200,524	815
Return of advance for future capital increase	(11,581)	(592)
Capital decrease	(22,582)	(22,582)
Allowance for (reversal of) investment losses	(3,053)	1
Balance as at September 30, 2018	<u>1,072,935</u>	<u>43,059</u>

- a) In May 2017, in view of the spin-off of the Gafisa/Tenda trademarks, the Company no longer holds the control over the following SPES: FIT 13 SPE Empreendimentos Imobiliários Ltda and Cipesa Projeto 02 Empreendimento Imobiliario Spe Ltda;
- b) In March 2017, the Company obtained the control over the companies Fit 03 SPE Empreendimentos Imobiliários Ltda., Fit 11 SPE Empreendimentos Imobiliários Ltda., Fit 31 SPE Empreendimentos Imobiliários Ltda., and Fit 34 SPE Empreendimentos Imobiliários Ltda., in relation to which it recorded in profit or loss a provision for net capital deficiency of equity accounted investees in the amount of R\$11,309 (Note 24); a portion of the involved amounts were settled by offsetting loans (Note 7.1) previously signed between the related parties, while the remaining portion was settled in cash;
- c) In March 2017, ownership interests in the companies Maria Inês SPE Empreendimentos Imobiliários Ltda and Fit SPE 02 Empreendimentos Imobiliários Ltda were acquired by matching the current accounts of related parties: and
- d) In Most of the decrease in the capital of investees was settled with related parties: Cita Itapoan; FIT 31 SPE Emp. Imob; AC Participações LTDA; FIT 32 SPE Emp. Imob; FIT 22 SPE Emp. Imob; FGM Incorporações S.A.; FIT 24 SPE Emp. Imob; FIT 07 SPE Emp. Imob.; FIT SPE 05 Emp. Imob.; FIT SPE 01 Emp. Imob.; Tenda SP Jardim São Luiz; SPE Tenda SP Vila Park; Salvador Dali Emp. Imob.; Guaianazes Life Emp. Imob.; SPE Tenda SP Osasco; and SPE Tenda SP Itaqueira.

Breakdown of investments as at September 30, 2018

EQUITY INTEREST AT 09/30/2018

Subsidiaries	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Equity and advance for future capital increase	Net Revenue	Profit (loss) for the year	Equity interest %	Share of profit os investees	Investment Balance	
TENDA NEG. IMOB. S/A	1,129,213	436,266	300,975	379,506	884,998		212,866	100%	212,866	884,998	
JD. SÃO LUIZ SPE INCORP. LTDA	62,990	3,398	323	257	65,808		22	100%	22	65,808	
FIT 16 SPE EMP. IMOB. LTDA.	21,429	189	18,510	-	3,108		(18,488)	100%	(18,488)	3,108	
FIT 34 SPE EMP. IMOB. LTDA.	17,360	-	3	-	17,357		(38)	100%	(38)	17,357	
FIT 02 SPE EMP. IMOB. LTDA.	10,094	-	604	-	9,490		(3)	100%	(3)	9,490	
FIT 06 SPE EMP. IMOB. LTDA.	10,146	-	661	-	9,485		2,298	100%	2,298	9,485	
FIT 31 SPE EMP. IMOB. LTDA.	4,034	-	344	-	3,690		(977)	100%	(977)	3,690	
ASPLENIUM EMP. IMOB. LTDA.	2,136	2,245	199	191	3,991		28	100%	28	3,991	
FIT 32 SPE EMP. IMOB. LTDA.	2,738	413	92	-	3,059		(23)	100%	(23)	3,059	
FIT 25 SPE EMP. IMOB. LTDA.	3,118	47	881	-	2,284		(46)	100%	(46)	2,284	
FIT 10 SPE EMP. IMOB. LTDA.	1,424	159	127	-	1,456		(148)	100%	(148)	1,456	
COTIA 1 EMP. IMOB. LTDA.	1,701	67	152	-	1,616		165	100%	165	1,616	
FIT 11 SPE EMP. IMOB. LTDA.	2,079	-	504	2	1,573		(82)	100%	(82)	1,573	
AC PART. LTDA.	1,260	17	33	72	1,172		30	100%	30	1,172	
SPE TENDA SP VILA PARK EMP. IMOB. LTDA	706	-	106	-	600		(37)	100%	(37)	600	
FIT 40 SPE EMP. IMOB. LTDA.	933	118	43	20	988		(33)	100%	(33)	988	
SPE TENDA SP OSASCO LIFE EMP. IMOB. LTDA	948	6	7	-	947		(34)	100%	(34)	947	
FIT 01 SPE EMP. IMOB. LTDA.	783	63	104	-	742		(78)	100%	(78)	742	
TENDA 28 SPE EMP. IMOB. LTDA.	1,584	-	46	-	1,538		1,210	100%	1,210	1,538	
FIT 05 SPE EMP. IMOB. LTDA.	837	2	518	22	299		(246)	100%	(246)	299	
MARIA INÊS SPE EMP. IMOB. LTDA.	525	-	76	-	449		(164)	100%	(164)	449	
SPE TENDA SP VALÊNCIA EMP. IMOB. LTDA	452	14	11	-	455		56	100%	56	455	
SPE TENDA SP ITAQUERA LIFE EMP. IMOB. LTDA	269	9	28	-	250		(10)	100%	(10)	250	
SPE TENDA SP JD. SÃO LUIZ LIFE EMP. IMOB. LTDA	194	31	22	-	203		(47)	100%	(47)	203	
FIT 35 SPE EMP. IMOB. LTDA.	190	46	30	-	206		(66)	100%	(66)	206	
FIT 42 SPE EMP. IMOB. LTDA.	147	-	28	-	119		(6)	100%	(6)	119	
FIT 03 SPE EMP. IMOB. LTDA.	105	-	1	-	104		(10)	100%	(10)	104	
FIT 07 SPE EMP. IMOB. LTDA.	497	1	456	-	42		(119)	100%	(119)	42	
SPE TENDA SP SALVADOR DALI EMP. IMOB. LTDA	101	9	2	-	108		(12)	100%	(12)	108	
FIT 38 SPE EMP. IMOB. LTDA.	68	13	3	-	78		(19)	100%	(19)	78	
FGM INCORP. S/A	178	4	174	-	8		(8)	100%	(8)	8	
FIT 37 SPE EMP. IMOB. LTDA.	103	10	2	-	111		36	100%	36	111	
FIT PALLADIUM SPE EMP. IMOB. LTDA.	28	7	2	-	33		(30)	100%	(30)	33	
FIT 24 SPE EMP. IMOB. LTDA.	24	-	-	-	24		(23)	100%	(23)	24	
FIT 39 SPE EMP. IMOB. LTDA.	98	2	84	-	16		(3)	100%	(3)	16	
TENDA 25 SPE EMP. IMOB. LTDA.	2,422	-	-	-	2,422		3	70%	2	1,695	
CITTÀ VILLE SPE EMP. IMOB. LTDA.	17,172	15	1,587	821	14,779		2,549	50%	1,273	7,390	
Capitalized interest									(472)	4,387	
Total Subsidiaries	1,298,086	443,152	326,740	380,891	1,033,608		198,513		196,764	1,029,876	
Joint Venture						Net Revenue	Profit (loss) for the year	Equity interest %	Share of profit os investees	Investment Balance	
SPE FRANERE GAFISA 08 EMP. IMOB. LTDA.	15,931	9,670	2,041	2,925	20,635		(1,311)	(1,311)	50%	(656)	10,318
GRAND PARK PQ, PÁSSAROS EMP. IMOB. LTDA.	5,981	4,203	1,511	1,149	7,524		2,677	2,677	50%	1,339	3,762
FIT 13 SPE EMP. IMOB. LTDA.	19,602	753	655	-	19,700		-	(1)	50%	-	9,850
CIPESA PROJ. 02 EMP. IMOB. SPE LTDA.	18,314	-	133	30	18,151		3	37	50%	19	9,076
FIT JD. BOTÂNICO SPE EMP. IMOB. LTDA.	8,927	-	49	2	8,876		75	313	55%	171	4,882
IMBUI I SPE EMP. IMOB. LTDA.	1,102	7,526	61	429	8,138		(107)	(107)	50%	(54)	4,069
ACCIDIO SPE EMP. IMOB. LTDA.	5,862	-	21	4,481	1,360		-	-	55%	-	748
CITTA ITAIPUÁ EMP. IMOB. S SPE LTDA.	2,760	9	422	1,767	580		4	4	50%	2	290
CITTA IPITANGA SPE EMP. IMOB. S LTDA.	1,112	1	336	649	128		(13)	(13)	50%	(6)	64
Consolidated	79,591	21,410	5,229	11,433	85,092	1,328	1,599		815	43,059	
Amount of excess of carrying at aquisition date										-	
Total Parent	1,377,677	464,562	331,969	392,324	1,118,700	1,328	200,112		197,579	1,072,935	

Breakdown of investments as at December 31, 2017

EQUITY INTERESTS AT 12/31/2017

Subsidiaries	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Equity and advance for future capital increase	Profit (loss) for the year	Equity interest %	Share of profit of investees	Investment balance	
SPE TENDA SP ITAQUERA LIFE EMP.IMOB.LTDA	320	28	30	-	318	259	100%	259	318	
SPE TENDA SP OSASCO LIFE EMP.IMOB.LTDA	991	8	7	-	992	980	100%	980	992	
SPE TENDA SP SALVADOR DALI EMP.IMOB.LTDA	129	10	19	-	120	1,013	100%	1,013	120	
SPE TENDA SP VILA PARK EMP.IMOB.LTDA	1,191	42	194	-	1,039	341	100%	341	1,039	
SPE TENDA SP VALÊNCIA EMP.IMOB.LTDA	403	16	20	-	399	90	100%	90	399	
SPE TENDA SP JD. SÃO LUIZ LIFE EMP.IMOB.LTDA	316	38	31	-	323	176	100%	176	323	
COTIA 1 EMP.IMOB.LTDA.	1,869	64	192	-	1,741	(1,386)	100%	(1,386)	1,741	
FIT ROLAND GARROS EMP.IMOB.LTDA.	102	-	98	-	4	(270)	100%	(270)	4	
MARIA INÊS SPE EMP.IMOB.LTDA.	676	-	54	8	614	(65)	100%	(65)	614	
FIT 01 SPE EMP.IMOB.LTDA.	964	80	223	-	821	134	100%	134	821	
FIT 02 SPE EMP.IMOB.LTDA.	9,566	-	73	-	9,493	(60)	100%	(60)	9,493	
FIT 05 SPE EMP.IMOB.LTDA.	919	41	416	-	544	(666)	100%	(666)	544	
FIT 10 SPE EMP.IMOB.LTDA.	2,201	241	277	-	2,165	(1,009)	100%	(1,009)	2,165	
FIT 11 SPE EMP.IMOB.LTDA.	2,300	-	634	12	1,654	949	100%	949	1,654	
FIT PALLADIUM SPE EMP.IMOB.LTDA.	64	-	1	-	63	(192)	100%	(192)	63	
FIT 06 SPE EMP.IMOB.LTDA.	7,852	-	666	-	7,186	(1)	100%	(1)	7,186	
FIT 07 SPE EMP.IMOB.LTDA.	503	-	342	-	161	(218)	100%	(218)	161	
FIT 24 SPE EMP.IMOB.LTDA.	46	-	18	-	46	18	100%	18	46	
FGM INCORP. S/A	230	1	178	-	53	(345)	100%	(345)	53	
FIT 16 SPE EMP.IMOB.LTDA.	21,758	208	369	-	21,587	(1,654)	100%	(1,654)	21,587	
FIT 25 SPE EMP.IMOB.LTDA.	3,344	60	1,075	-	2,269	(1,774)	100%	(1,774)	2,269	
FIT 31 SPE EMP.IMOB.LTDA.	5,100	-	433	-	4,667	(247)	100%	(247)	4,667	
FIT 32 SPE EMP.IMOB.LTDA.	2,435	782	135	-	3,082	(9)	100%	(9)	3,082	
FIT 34 SPE EMP.IMOB.LTDA.	17,415	-	20	-	17,395	96	100%	96	17,395	
FIT 35 SPE EMP.IMOB.LTDA.	227	51	5	-	273	(74)	100%	(74)	273	
FIT 37 SPE EMP.IMOB.LTDA.	105	14	44	-	75	(77)	100%	(77)	75	
FIT 38 SPE EMP.IMOB.LTDA.	99	16	19	-	96	(91)	100%	(91)	96	
FIT 39 SPE EMP.IMOB.LTDA.	103	3	86	-	20	(47)	100%	(47)	20	
FIT 40 SPE EMP.IMOB.LTDA.	845	256	47	33	1,021	210	100%	210	1,021	
FIT 42 SPE EMP.IMOB.LTDA.	215	-	90	-	125	33	100%	33	125	
FIT 03 SPE EMP.IMOB.LTDA.	207	-	82	11	114	(176)	100%	(176)	114	
TENDA NEG. IMOB. S/A (Consolidated)	924,299	413,845	367,942	298,070	672,132	197,822	100%	197,822	672,132	
TENDA 28 SPE EMP.IMOB.LTDA.	346	-	18	-	328	328	100%	328	328	
AC PART. LTDA.	1,668	19	110	50	1,527	(1,326)	100%	(1,326)	1,527	
EVP PART. S.A.	102	-	5	-	97	-	100%	-	97	
ASPLENIUM EMP.IMOB.LTDA.	1,675	2,794	237	269	3,963	(1,158)	100%	(1,158)	3,963	
TENDA SPE 19 EMP.IMOB.LTDA	9	-	-	-	9	(90)	100%	(90)	9	
JD. SÃO LUIZ SPE INCORP. LTDA	62,140	4,438	366	427	65,785	(1,086)	100%	(1,086)	65,785	
TENDA 25 SPE EMP.IMOB.LTDA.	15,290	-	-	-	15,290	(90)	70%	(63)	10,703	
CITTA VILLE SPE EMP.IMOB.LTDA.	17,688	4	2,904	2,233	12,555	(4,102)	50%	(2,051)	6,278	
Capitalized interest								(4,922)	4,859	
Total Subsidiaries	1,105,712	423,059	377,442	301,113	850,216	186,236		183,392	844,211	
Joint ventures	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Equity and advance for future capital increase	Net Revenue	Profit (loss) for the year	Equity interest %	Share of profit of investees	Investment balance
ACEDIO SPE EMP.IMOB.LTDA.	5,648	-	7	4,281	1,360	1	(1)	55%	(1)	748
FIT JD. BOTÂNICO SPE EMP.IMOB.LTDA.	8,685	-	106	16	8,563	442	(14)	55%	(10)	4,710
IMBUI I SPE EMP.IMOB.LTDA.	1,263	7,526	116	428	8,245	47	(22)	50%	(11)	4,123
CITTA IPITANGA SPE EMP. IMOB.S LTDA.	1,136	2	397	660	141	33	4	50%	2	71
GRAND PARK PQ. PÁSSAROS EMP.IMOB.LTDA.	6,629	25,742	1,907	1,843	28,621	2,087	(1,602)	50%	(801)	14,311
CITTA ITAPUÁ EMP. IMOB.S SPE LTDA.	2,801	9	459	1,775	576	66	31	50%	16	288
SPE FRANERE GAFISA 08 EMP.IMOB.LTDA.	21,553	27,360	2,150	3,427	43,336	322	500	50%	250	21,668
CIPESA PROJ. 02 EMP. IMOB. SPE LTDA.	18,369	-	168	87	18,114	866	(976)	50%	(488)	9,057
FIT 13 SPE EMP.IMOB.LTDA.	18,014	3,526	655	-	20,885	-	(7)	50%	(3)	10,443
Consolidated	84,098	64,165	5,905	12,517	129,841	3,864	(2,087)		(1,046)	65,417
Amount in excess of carrying amount at acquisition date										
									(12)	-
Total Parent	1,189,810	487,224	383,347	313,630	980,057	3,864	184,148		182,334	909,627

(ii) Equity interests – equity deficiency

Breakdown of the allowance for losses on investment as at September 30, 2018

Subsidiaries	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Equity and advance for future capital increase	Profit (loss) for the year	Equity interest %	Share of profit of investees	Investment balance
FIT 22 SPE EMP.IMOB.LTDA.	5	-	24	-	(19)	(6)	100%	(6)	(19)
TENDA 35 SPE PART. S/A	1	-	38	-	(37)	-	100%	-	(37)
FIT 12 SPE EMP.IMOB.LTDA.	469	43	611	4	(103)	286	100%	286	(103)
TENDA 30 SPE EMP.IMOB.LTDA	1	-	107	-	(106)	-	100%	-	(106)
MÁRIO COVAS SPE EMP.IMOB.LTDA.	200	4	645	-	(441)	(121)	100%	(121)	(441)
SPE TENDA SP GUAIANAZES LIFE EMP.IMOB.LTDA	5	5	500	-	(490)	(15)	100%	(15)	(490)
TDA NEG. IMOB. LTDA.	284	-	2,210	-	(1,926)	188	100%	188	(1,926)
FIT BILD 09 SPE EMP.IMOB.LTDA.	3,156	-	872	9,304	(7,020)	156	75%	117	(5,265)
TND NEG. IMOB. LTDA.	2,432	-	6,512	-	(4,080)	2,656	100%	2,656	(4,080)
TENDA 24 SPE PART. S.A.	-	-	1	-	(1)	-	100%	-	(1)
TENDA 47 SPE EMP.IMOB.LTDA.	-	-	2	-	(2)	(2)	100%	(2)	(2)
FIT ROLAND GARROS EMP.IMOB.LTDA.	99	-	115	-	(16)	(20)	100%	(20)	(16)
TENDA SPE 19 EMP.IMOB.LTDA	8	-	35	-	(27)	(35)	100%	(35)	(27)
TENDA 26 SPE PART. S.A.	-	-	1	-	(1)	-	100%	-	(1)
EVP PART. S.A.	-	-	5	-	(5)	(102)	100%	(102)	(5)
TENDA 46 SPE EMP.IMOB.LTDA.	25,013	-	2,320	22,693	-	-	100%	-	-
	31,674	52	13,998	32,001	(14,274)	2,985		2,946	(12,517)
Joint Venture	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Equity and advance for future capital increase	Profit (loss) for the year	Equity interest %	Share of profit of investees	Investment balance
FIT CAMPOLIM SPE EMP.IMOB.LTDA	7,780	-	29	17,672	(9,921)	(1)	55%	(1)	(5,457)
	7,780	-	29	17,672	(9,921)	(1)		(1)	(5,457)
Total allowance for investment losses	39,454	52	14,027	49,673	(24,195)	2,984		2,945	(17,974)

Breakdown of the allowance for losses on Investments as at December 31, 2017

ALLOWANCE FOR INVESTMENT LOSSES DEC 2017

	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Equity and advance for future capital increase	Profit (loss) for the year	Equity interest %	Share of profit of investees	Investment balance
Subsidiaries									
MÁRIO COVAS SPE EMP. IMOB. LTDA.	266	1	587	-	(320)	(811)	100%	(811)	(320)
FIT BILD 09 SPE EMP. IMOB. LTDA.	3,147	-	947	9,376	(7,176)	109	75%	83	(5,379)
FIT 12 SPE EMP. IMOB. LTDA.	138	23	550	-	(389)	(551)	100%	(551)	(389)
FIT 22 SPE EMP. IMOB. LTDA.	5	-	18	-	(13)	(63)	100%	(63)	(13)
TENDA 24 SPE PART. S.A.	-	-	1	-	(1)	(1)	100%	(1)	(1)
TENDA 26 SPE PART. S.A.	-	-	1	-	(1)	(1)	100%	(1)	(1)
SPE TENDA SP GUAIANAZES LIFE EMP. IMOB. LTDA	43	5	523	-	(475)	(524)	100%	(524)	(475)
TENDA 30 SPE EMP. IMOB. LTDA	1	-	107	-	(106)	(22)	100%	(22)	(106)
TND NEG. IMOB. LTDA.	1,526	-	8,262	-	(6,736)	2,644	100%	2,644	(6,736)
TENDA 35 SPE PART. S/A	3	-	35	-	(37)	(5)	100%	(5)	(37)
TDA NEG. IMOB. LTDA.	172	-	2,286	-	(2,114)	355	100%	355	(2,114)
	5,301	29	13,317	9,376	(17,368)	1,130		1,104	(15,571)
Joint ventures									
FIT CAMPOLIM SPE EMP. IMOB. LTDA	7,469	-	-	17,385	(9,920)	(107)	55%	(60)	(5,456)
	7,469	-	-	17,385	(9,920)	(107)		(60)	(5,456)
Total allowance for investment losses	12,770	29	13,317	26,761	(27,268)	1,023		1,044	(21,027)

10. PROPERTY AND EQUIPMENT

Description	Depreciation rate - % p.a.	Parent		Consolidated	
		09/30/2018	12/31/2017	09/30/2018	12/31/2017
Cost					
Hardware	20%	22,253	21,483	22,253	21,483
Leasehold improvements and facilities	*	9,280	8,906	9,280	8,906
Furniture and fixtures	10%	3,529	3,353	3,655	3,353
Machinery and equipment	10%	2,853	2,729	2,853	2,729
Molds	20%	39,837	32,936	41,492	32,936
		77,752	69,407	79,533	69,407
Accumulated depreciation		(40,032)	(27,583)	(40,113)	(27,583)
		37,720	41,824	39,420	41,824

*Depreciated based on the lease term, which ranges between three years (33.33% p.a. on average).

The residual value, useful lives, and depreciation methods were reviewed at the end of year 2017, and no change was made. Assets are subject to periodical impairment testing.

Variations in property and equipment

Cost	Parent					Total
	Hardware	Leasehold improvements and facilities	Furniture and fixtures	Machinery and equipment	Molds	
Balance as at 12/31/2016	18,662	9,338	4,171	1,450	18,681	52,302
Additions	4,672	1,130	250	662	6,979	13,693
100% depreciated items	(2,345)	(2,412)	(1,163)	(15)	-	(5,935)
Cost as at 09/30/2017	20,989	8,056	3,258	2,097	25,660	60,060
Depreciation						
Balance as at 12/31/2016	(7,384)	(4,621)	(3,264)	(694)	(6,232)	(22,195)
Additions	(2,958)	(1,116)	(314)	(132)	(3,320)	(7,840)
100% depreciated items	2,345	2,412	1,163	15	-	5,935
Depreciation as at 09/30/2017	(7,997)	(3,325)	(2,415)	(811)	(9,552)	(24,100)
Balance as at 09/30/2017	12,992	4,731	843	1,286	16,108	35,960

Cost	Parent					Total
	Hardware	Leasehold improvements and facilities	Furniture and fixtures	Machinery and equipment	Molds	
Balance as at 12/31/2017	21,483	8,906	3,353	2,729	32,936	69,407
Additions	770	484	176	124	6,901	8,455
Write-offs	-	(110)	-	-	-	(110)
Cost as at 09/30/2018	22,253	9,280	3,529	2,853	39,837	77,752
Depreciation						
Balance as at 12/31/2017	(9,007)	(3,809)	(2,492)	(895)	(11,380)	(27,583)
Additions	(2,848)	(3,776)	(174)	(211)	(5,535)	(12,544)
Write-offs	-	95	-	-	-	95
Depreciation as at 09/30/2018	(11,855)	(7,490)	(2,666)	(1,106)	(16,915)	(40,032)
Balance as at 09/30/2018	10,398	1,790	863	1,747	22,922	37,720

Cost	Consolidated					Total
	Hardware	Leasehold improvements and facilities	Furniture and fixtures	Machinery and equipment	Molds	
Balance as at 12/31/2016	18,662	9,338	4,239	1,450	18,681	52,370
Additions	4,672	1,130	258	662	6,979	13,701
100% depreciated items	(2,345)	(2,412)	(1,163)	(15)	-	(5,935)
Cost as at 09/30/2017	20,989	8,056	3,334	2,097	25,660	60,136
Depreciation						
Balance as at 12/31/2016	(7,384)	(4,315)	(3,297)	(694)	(6,537)	(22,227)
Additions	(2,958)	(1,116)	(319)	(132)	(3,320)	(7,845)
100% depreciated items	2,345	2,412	1,163	15	-	5,935
Depreciation as at 09/30/2017	(7,997)	(3,019)	(2,453)	(811)	(9,857)	(24,137)
Balance as at 09/30/2017	12,992	5,037	881	1,286	15,803	35,999

Cost	Consolidated					Total
	Hardware	Leasehold improvements and facilities	Furniture and fixtures	Machinery and equipment	Molds	
Balance as at 12/31/2017	21,483	8,906	3,353	2,729	32,936	69,407
Additions	770	484	302	124	8,556	10,236
Write-offs	-	(110)	-	-	-	(110)
Cost as at 09/30/2018	22,253	9,280	3,655	2,853	41,492	79,533
Depreciation						
Balance as at 12/31/2017	(9,007)	(3,809)	(2,492)	(895)	(11,380)	(27,583)
Additions	(2,848)	(3,776)	(181)	(211)	(5,609)	(12,625)
Write-offs	-	95	-	-	-	95
Depreciation as at 09/30/2018	(11,855)	(7,490)	(2,673)	(1,106)	(16,989)	(40,113)
Balance as at 09/30/2018	10,398	1,790	982	1,747	24,503	39,420

11. INTANGIBLE ASSETS

	Parent/Consolidated					09/30/2017
	12/31/2016				100% amortized items	
	Balance	Additions	Write-offs	Amortization		Balance
Software – cost	29,165	10,774	(1,083)	-	(3,273)	35,583
Software – amortization	(11,865)	156	-	(4,980)	3,273	(13,416)
Other	565	109	-	(674)	-	-
	17,865	11,039	(1,083)	(5,654)	-	22,167

	Parent/Consolidated			09/30/2018
	12/31/2017			
	Balance	Additions	Amortization	Balance
Software – cost	36,897	8,890	-	45,787
Software – amortization	(15,253)	-	(5,954)	(21,207)
	21,644	8,890	(5,954)	24,580

Refer mainly to the expenses on the acquisition and implementation of information systems and software licenses, amortized over a five-year period (20% per year).

Intangible assets with finite useful lives are amortized over their useful lives, and tested for impairment whenever there is indication of asset impairment. The amortization period and method for an intangible asset with finite useful life are reviewed at least at the end of each annual reporting period.

12. BORROWINGS AND FINANCING

Type of transaction	Maturity	Annual interest rate	Parent		Consolidated	
			09/30/2018	12/31/2017	09/30/2018	12/31/2017
National Housing System (SFH)	04/2018 to 12/2022	TR + 8.30% p.a.	12,831	22,064	110,846	92,395
Bank Credit Note (CCB)	04/2018 to 06/2029	CDI + 4.25% p.a. INCC-DI variance	-	15,934	-	20,126
			-	-	1,883	3,642
Total			12,831	37,998	112,729	116,163
Current			385	17,315	5,779	31,033
Noncurrent			12,446	20,683	106,950	85,130

The current and noncurrent portions mature as follows:

Maturity	Parent		Consolidated	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
2018	53	17,315	1,202	31,033
2019	856	8,037	7,588	30,805
2020	4,747	9,562	40,744	38,290
2021	5,578	3,084	47,987	16,035
2022 and thereafter	1,597	-	15,208	-
	12,831	37,998	112,729	116,163

Finance costs on borrowings and financing are capitalized at the cost of each construction project and land plot, according to the use of funds, and recognized in profit or loss proportionally to the units sold, as shown below. The capitalization rate used to determine the amount of the borrowing costs eligible for capitalization was 8.30% as at September 30, 2018 (8.30% as at December 31, 2017).

The following table shows a summary of finance costs and charges, and the portion capitalized in line item 'Properties for sale'.

	Parent		Consolidated	
	09/30/2018	09/30/2017	09/30/2018	09/30/2017
Total finance charges for the period	18,608	7,602	29,255	18,804
Capitalized finance charges	(2,964)	(1,317)	(13,473)	(12,740)
Finance costs (note 25)	15,644	6,285	15,782	6,064
Finance charges allocated to line item 'Properties for sale':				
Opening balance	7,357	12,845	28,394	42,802
Capitalized finance charges	2,964	1,317	13,473	12,740
Finance charges charged to profit or loss (note 24)	(4,400)	(4,133)	(17,771)	(22,873)
Closing balance	5,921	10,029	24,096	32,669

13. DEBENTURES

Type of transaction	Maturity	Annual payout	Transaction costs		Parent/Consolidated		
			Appropriated	To be incurred	09/30/2018	12/31/2017	
Debentures (a)	January 2021	CDI + 0.90%	3,085	(9,060)	278,897	154,002	
Debentures (b)	September 2023	CDI + 1.75%	5	(754)	149,582	-	
Total debentures					428,479	154,002	
						Parent/Consolidated	
						09/30/2018	12/31/2017
Noncurrent Debentures						435,202	160,071
Transaction costs						(6,723)	(6,069)
						428,479	154,002

- a) On September 6, 2017, the Company launched the third issue of nonconvertible debentures, with maturity on January 15, 2021, in a single allotment, totaling R\$270,000. The debentures are securitized through real estate receivables certificates issued by Ares Serviços Imobiliários Ltda. and back the CRIs issued by Apice Securitizadora S/A.

The proceeds from this issuance will be used exclusively in real estate projects specifically targeted at the lower-income population segment.

The Company has restrictive covenants that restrict some decision-making, such as debt issue and the power to require the debt acceleration or loan refinancing if such restrictive covenants are not complied with.

As at September 30, 2018 the ratio required by such covenant is as follows:

	<u>09/30/2018</u>	<u>12/31/2017</u>
Net leverage ratio, calculated as total net financial debt less SFH loans to equity, which cannot exceed 50% (note 22.c).	-33.69%	-27.09%

- b) On September 10, 2018, the Company launched the fourth issue of nonconvertible debentures, with maturity on January 15, 2021, in a single series, totaling R\$150,000. The proceeds from this issuance will be used in ordinary management, including working capital increase and capital structure growth. Maturity schedule:

- i) Payment of principal: 33.30% in September 2021; 33.30% in September 2022; and 33.4% in September 2023; and
- ii) Semiannual interest;

The Company has restrictive covenants that restrict some decision-making, such as debt issue and the power to require the debt acceleration or loan refinancing if such restrictive covenants are not complied with.

As at September 30, 2018 the ratio required by such covenant is as follows:

	<u>09/30/2018</u>	<u>12/31/2017</u>
Net leverage ratio, calculated as total net financial debt less SFH loans to equity, which cannot exceed 15% (note 22.c).	-33.69%	-

14. PAYROLL, RELATED TAXES AND PROFIT SHARING

	Parent		Consolidated	
	<u>09/30/2018</u>	<u>12/31/2017</u>	<u>09/30/2018</u>	<u>12/31/2017</u>
Payroll and related taxes	2,812	2,472	7,634	7,652
Accrued payroll and related taxes	3,861	2,480	24,510	13,941
Employee profit sharing (a)	4,166	4,980	12,710	15,402
	<u>10,839</u>	<u>9,932</u>	<u>44,854</u>	<u>36,995</u>

- (a) The Company has a variable compensation program that grants its employees and management personnel and the employees and management personnel of its subsidiaries a share of the Company's profits. This program is linked to the fulfillment of specific goals, which are set, agreed-upon, and approved by the Board of Directors at the beginning of each year.

15. TAXES AND CONTRIBUTIONS

	Parent		Consolidated	
	<u>09/30/2018</u>	<u>12/31/2017</u>	<u>09/30/2018</u>	<u>12/31/2017</u>
Deferred PIS and COFINS (a)	4,375	3,926	11,943	9,324
Current PIS and COFINS	4,490	3,322	5,124	3,857
Other taxes payable	7,708	7,716	14,978	14,206
	<u>16,573</u>	<u>14,964</u>	<u>32,045</u>	<u>27,387</u>

- (a) The Company recognizes long-term deferred PIS and COFINS (taxes on revenue) in the line item 'Other payables and other amounts' amounting to R\$1,858 in Parent and R\$4,886 in consolidated (R\$2,556 in Parent and R\$4,104 in consolidated as at December 31, 2017).

16. PAYABLES FOR PURCHASE OF PROPERTIES AND ADVANCES FROM CUSTOMERS

	Parent		Consolidated	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Payables for properties purchased	14,618	14,848	408,323	325,784
Developments and services	103	218	863	979
Physical barter - land	1,872	1,921	100,545	118,037
	<u>16,593</u>	<u>16,987</u>	<u>509,731</u>	<u>444,800</u>
Current	8,540	5,980	221,137	204,661
Noncurrent	8,053	11,007	288,594	240,139

The current and noncurrent portions mature as follows:

Maturity	Parent		Consolidated	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
2018	2,974	5,980	80,272	204,661
2019	6,911	6,726	179,235	118,388
2020	5,111	4,281	116,026	47,458
2021	1,597	-	68,320	74,293
2022 and thereafter	-	-	65,878	-
	<u>16,593</u>	<u>16,987</u>	<u>509,731</u>	<u>444,800</u>

17. INCOME TAX AND SOCIAL CONTRIBUTION

a) Current income tax and social contribution

The reconciliation at the effective tax rate for the periods ended September 30, 2018 and 2017 is as follows:

	Parent			
	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017
Income before income tax and social contribution:	64,431	152,286	27,139	66,886
Income tax calculated at the statutory rate - 34%	34%	34%	34%	34%
	(21,906)	(51,777)	(9,227)	(22,741)
Other permanent differences	(1,485)	(3,209)	162	(1,452)
Unrecognized tax credits	(6,894)	(12,074)	(5,248)	(8,602)
Share of profit of investees	25,820	68,178	20,286	43,796
Recognized tax credits (PERT)	-	-	3,577	3,577
Other additions and deductions	4,465	(1,118)	(5,973)	(11,001)
Income tax and social contribution expenses (income)	-	-	3,577	3,577
Current tax expenses (income)	-	-	-	-
Deferred tax expenses (income)	-	-	3,577	3,577

	Consolidated			
	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017
Income before income tax and social contribution:	71,888	173,156	30,126	75,876
Income tax calculated at the statutory rate - 34%	34%	34%	34%	34%
	(24,442)	(58,873)	(10,243)	(25,798)
Net effect of subsidiaries taxed under the deemed income/RET regime	13,340	53,680	17,729	33,869
Other permanent differences	(1,604)	(3,532)	(356)	(2,022)
Unrecognized tax credits	(2,948)	(15,561)	(5,248)	(8,602)
Share of profit (loss) of investees	94	277	(120)	(247)
Recognized tax credits (PERT)	-	-	3,577	3,577
Other additions and deductions	8,923	4,453	(5,028)	(7,521)
Income tax and social contribution expenses (income)	(6,637)	(19,556)	311	(6,744)
Current tax expenses (income)	(7,027)	(18,501)	(8,514)	(21,423)
Deferred tax expenses (income)	390	(1,055)	8,825	14,679

b) Deferred income tax and social contribution

The origin of deferred income tax and social contribution as at September 30, 2018 and December 31, 2017 is as follows:

Description	Parent		Consolidated	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Assets				
Tax loss carryforwards	258,523	244,208	266,456	244,208
Allowance for doubtful debts	18,847	19,007	21,339	21,306
Allowance for impairment of nonfinancial assets	3,862	6,058	3,954	5,846
Other provisions	5,281	6,617	8,688	10,985
Provision for contingencies	15,605	18,442	16,583	19,848
Temporary differences - CPC	8,124	1,557	9,036	2,312
Temporary differences – deferred PIS and COFINS	2,133	2,077	2,876	2,423
Unrecognized tax credits	(291,695)	(279,622)	(300,855)	(285,294)
Subtotal	20,680	18,344	28,077	21,634
Liabilities				
Revenue taxation on a cash and an accrual basis	(17,357)	(15,021)	(24,754)	(18,311)
Deferred income tax and social contribution (Earmarked assets, or RET)	-	-	(6,854)	(5,851)
Subtotal	(17,357)	(15,021)	(31,608)	(24,162)
Recognized in line item deferred taxes (liabilities)	-	-	(6,854)	(5,851)
Recognized in line item deferred taxes (assets)	3,323	3,323	3,323	3,323

The Company holds unrecognized income tax loss and social contribution loss carryforwards that can be offset against 30% of annual taxable income and carried forward indefinitely in the following amounts:

Description	Parent					
	09/30/2018			12/31/2017		
	Income tax	Social contribution	Total	Income tax	Social contribution	Total
Tax loss carryforwards	760,361	760,361	-	718,259	718,259	-
Tax assets (25%, 9%)	190,090	68,432	258,522	179,565	64,643	244,208
Recognized tax credits (PERT)	(2,443)	(880)	(3,323)	(2,443)	(880)	(3,323)
Unrecognized tax credits on tax loss carryforwards	187,647	67,552	255,199	177,122	63,763	240,885

Description	Consolidated					
	09/30/2018			12/31/2017		
	Income tax	Social contribution	Total	Income tax	Social contribution	Total
Tax loss carryforwards	783,694	783,694	-	718,259	718,259	-
Tax credits (25%, 9%)	195,924	70,532	266,456	179,565	64,643	244,208
Recognized tax credits	(2,443)	(880)	(3,323)	(2,443)	(880)	(3,323)
Unrecognized tax credits on tax loss carryforwards	193,481	69,652	263,133	177,122	63,763	240,885

18. PROVISION FOR CONTINGENCIES AND COMMITMENTS

18.1. Provision for contingencies

In the periods ended September 30, 2018 and 2017, the variations in the provision for contingencies are summarized as follows:

	Parent			
	Civil lawsuits	Labor lawsuits	Other	Total
Balance as at December 31, 2016	19,168	9,465	32	28,665
Additions (note 24)	28,108	3,589	26	31,723
Write-offs/transfers (note 24)	(7,547)	(4,228)	(6)	(11,781)
Balance as at September 30, 2017	39,729	8,826	52	48,607
Balance as at December 31, 2017	43,951	10,241	48	54,240
Additions (note 24)	13,363	2,403	52	15,818
Write-offs/transfers (note 24)	(19,460)	(4,658)	(44)	(24,162)
Balance as at September 30, 2018	37,854	7,986	56	45,896
Current	18,953	3,999	28	22,980
Noncurrent	18,901	3,987	28	22,916

	Consolidated			
	Civil lawsuits	Labor lawsuits	Other	Total
Balance as at December 31, 2016	30,341	14,303	306	44,950
Additions (note 24)	35,423	5,366	39	40,828
Write-offs/transfers (note 24)	(11,576)	(6,474)	(20)	(18,070)
Acquisition of control of investees	(20)	44	10	34
Balance as at September 30, 2017	54,168	13,239	335	67,742
Balance as at December 31, 2017	51,567	11,166	306	63,039
Additions (note 24)	14,925	2,670	52	17,647
Write-offs (note 24)	(24,701)	(5,454)	(44)	(30,199)
Balance as at September 30, 2018	41,791	8,382	314	50,487
Current	20,924	4,197	157	25,278
Noncurrent	20,867	4,185	157	25,209

18.2. Escrow deposits

As at September 30, 2018, the Company and its subsidiaries have the following amounts deposited in courts:

	Parent		Consolidated	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Civil lawsuits	22,856	20,117	23,344	20,489
Environmental lawsuits	87	87	89	88
Tax lawsuits	3,824	3,447	3,906	3,512
Labor lawsuits	5,740	6,153	5,863	6,266
	32,507	29,804	33,202	30,355
Current	11,514	10,557	11,760	10,752
Noncurrent	20,993	19,247	21,442	19,603

18.3. Lawsuits with a possible likelihood of an unfavorable outcome

As at September 30, 2018, the Company and its subsidiaries are aware of other civil, labor, tax and environmental lawsuits. Based on the history of probable lawsuits and the specific analysis of the main claims, the lawsuits with a likelihood of an unfavorable outcome classified as possible total R\$412,312 (R\$529,120 as at December 31, 2017), based on the historical average of the lawsuits adjusted for current estimates, for which the Company's Management believes it is not necessary to recognize a provision for potential losses. The change in the period is due to the revision of the involved amounts, as shown below.

	Consolidated	
	09/30/2018	12/31/2017
Civil lawsuits (a)	191,709	309,014
Tax lawsuits (b)	206,917	206,933
Labor lawsuits	11,851	11,317
Environmental lawsuits	1,835	1,856
	412,312	529,120

- (a) As at September 30, 2018, the Company and its subsidiaries are aware of civil lawsuits and risks based on the history of probable lawsuits and a specific analysis of main claims, the measurement of the lawsuits with a likelihood of an unfavorable decision estimated as possible total R\$412,312, mostly attributed to legacy projects (construction defects and delay). In August 2018 the Company entered into a settlement relating to a lawsuit which amount was estimated at approximately R\$100 million and which was settled August at the amount of R\$5.7 million, with subsequent final dismissal of the lawsuit. This amount was accrued in July 2018, as the event required.
- (b) The Company had received a tax assessment notice issued by the Brazilian Federal Revenue Service, in which it challenges the tax bases of income tax, social contribution, PIS and COFINS for FY 2010. The Company filed an objection to the tax assessment within the statutory deadline, which was partially upheld on March 30, 2017 by the lower administrative court, which reduced the tax assessment fine and rebate of the amounts paid as COFINS and PIS. Based on this decision, the Company filed an administrative appeal, which is

pending the analysis by the Administrative Council of Tax Appeals (“CARF”). The likelihood of an unfavorable outcome in these disputes was estimated as possible by the legal counsel in charge and, accordingly, no provision was recognized in the interim financial information.

18.4. Commitments

In addition to the commitments referred to in notes 6, 12 and 13, the Company has the following commitments:

- (i) The Company is a party to agreements for the lease of 50 properties where its facilities are located, at a monthly average cost of R\$649, annually adjusted according to the IGP-M/FGV variation.

The lease terms range from one to five years and a fine may be imposed in case of contract termination corresponding to three-month rent or prorated to the remaining lease period. The future minimum lease payments estimate for commercial properties (cancellable leases) totals R\$9,317 (R\$4,143 as at December 31, 2017), as follows:

Payment estimate	Consolidated	
	09/30/2018	12/31/2017
2018	1,471	3,136
2019	3,939	858
2020	2,138	149
2021	1,769	-
	<u>9,317</u>	<u>4,143</u>

- (ii) The Company, as at September 30, 2018, has long-term obligations amounting to R\$8,734 (R\$9,672 as at December 31, 2017), related to pledges from service providers used in real estate development projects.

19. EQUITY

19.1. Capital

As at September 30, 2018, the Company’s authorized and paid-in capital was R\$1,095,829, represented by 54,172,123 registered common shares, with no par value (R\$1,094,171 represented by 54,035,100 registered common shares, with no par value as at December 31, 2017).

Capital	<u>1,094,171</u>
(-) Share issuance costs	(246)
Capital increase	<u>1,658</u>
Capital	<u>1,095,583</u>

19.2. Employee benefits

a) Stock option plan

The Company has a total of five stock option plans for common shares, launched in 2014 that follow the rules set out in the Company’s Stock Option Plan.

The granted options entitle their holders (management personnel and employees designated by the executive committee and approved by the Board of Directors) to purchase Company common shares, after vesting periods that range from three to ten years while employed by the Company (essential condition to exercise a stock option), and expire ten years after the grant date.

The fair value of the stock options is set on the grant date and recognized as expenses in profit or loss (as contra entry to equity), during the plan’s vesting period, as the services are provided by the employees and management personnel.

The variations in the outstanding stock options in the period ended September 30, 2018 and in the year ended December 31, 2017, which include their related weighted average strike prices, are as follows:

	09/30/2018		12/31/2017	
	Number of stock options	Weighted average strike price for the period (reais)	Number of stock options	Weighted average strike price for the year (reais)
Outstanding stock options at the beginning of the period	5,479,451	6.74	5,489,848	6.53
Cancelled stock options	-	-	(162,079)	4.78
Granted stock options	-	-	190,102	12.84
Exercised stock options	(138,453)	9.90	(38,420)	4.78
Outstanding stock options at the end of the period	5,340,998	6.74	5,479,451	6.74

The fair value of the stock options granted from 2014 to 2017 was estimated based on the Black & Scholes pricing model, taking into consideration the following assumptions:

Grant date	Strike price	Weighted average	Expected volatility (%) (*)	Expected stock option life (years)	Risk-free interest rate (%) (**)
08/11/2014	6.63	6.52	31.02%	0.43 years	11.66% to 11.81%
11/12/2014	6.63	6.55	31.30%	0.40 years	12.77% to 12.84%
05/09/2016	6.86	6.83	26.70%	2.26 years	12.67% to 12.77%
04/10/2017	8.13	8.13	24.65%	3.20 years	9.69% to 10.07%
10/02/2017	14.73	14.73	24.84%	-	9.52% to 9.88%
10/02/2017	24.25	24.25	24.84%	-	9.71% to 10.11%

(*) The volatility was determined based on the history of the BM&FBOVESPA Real Estate Index (IMOBX).

(**) Risk-free market interest rate for the stock option period at the grant date.

The Company reviewed the number of stock options granted that will vest in 2018-2023, which generated expenses of R\$9,092 for the first quarter of 2018.

Outstanding stock options			Vested stock options	
Number of stock options	Remaining contractual weighted average life (years)	Weighted average price for the year (R\$)	Number of stock options	Weighted average price for the year (R\$)
5,340,998	1.57	6.74	1,041,116	13.16

Total expenses recognized in the period ended September 30, 2018 was R\$11,508 (R\$1,434 as at September 30, 2017) and are disclosed in note 24.

b) Restricted stock option plan

On August 13, 2018, the Company's Board of Directors, at the Extraordinary General Meeting, approved the Plan and the subsequent grant of 652,500 restricted stock options to the Company's statutory officers, directors and key executives. The Plan has a stock options ceiling that results in a maximum dilution of 5% of the Company's capital.

The plan's objectives are to: i) promote the growth, success and attainment of the corporate guidelines of the Company and the companies under its control; ii) align the interests of beneficiaries to those of the shareholders; and iii) encourage the maintenance of officers and employees at the Company or at the companies under its control.

Restricted shares granted confer upon their holders (officers, directors and employees appointed by the executive board and approved by the Board of Directors) the right to common shares in the Company's capital, after a period from two to three years. For officers and employees the quantities granted will rely on the goals attained established by the Board of Directors and may range from 0% to 150%.

The fair value of the stock options is set on the grant date and recognized as expenses in profit or loss (as contra entry to equity), during the plan's vesting period, as the services are provided by the employees, directors and management personnel.

	09/30/2018	
	Number of stock options	Weighted average price for the period (reais)
Outstanding stock options at the beginning of the period	-	-
Cancelled stock options	-	-
Granted stock options	652,500	22.35
Exercised stock options	-	-
Outstanding stock options at the end of the period	652,500	22.35

The fair value of the restricted stock options was estimated based on the Monte Carlo pricing model, which may vary according to the attainment of goals, taking into consideration the following assumptions:

Grant date	Strike price	Weighted average	Expected volatility (%) (*)	Expected stock option life (years)	Risk-free interest rate (%) (**)
08/13/2018	22.35	22.35	29.52%	2-3 years	10.01%

(*) Volatility was determined based on the historical quotation of the Company's shares
(**) Risk-free market interest rate for the stock option period at the grant date.

Outstanding stock options	
Number of stock options	Remaining contractual weighted average life (years)
457,500	3 years
195,000	1 year

Total expenses recognized in the period ended September 30, 2018 was R\$1,546 and are disclosed in note 24.

19.3. Treasury shares

On April 5, 2018, the Company's Board of Directors has approved a Share Buyback Program for the Company's Common Shares, to be held in treasury and subsequent disposal and/or cancelation and/or to support the "Company's Stock Option Plan", limited to 5,398,206 of the Company's common shares. Program terminated on August 13, 2018; up to this date, 4,489,300 shares were acquired.

	Number (thousands)	Average cost- R\$ (*)	Total cost
Balance as at December 31, 2017	-	-	-
Share buyback	4,489	25.21	113,185
Balance as at September 30, 2018	4,489	25.21	113,185

As at September 28, 2018, the fair value of the Company's treasury shares was R\$118,966.

20. INSURANCE

Tenda has insurance against engineering risk, barter guarantee, construction completion guarantee, and civil liability, associated to involuntary bodily harm caused to third parties, and property damages caused to tangible assets, as well as fire, lightening, electrical damage, natural phenomenon, and gas explosion hazards. The insurance coverage purchased is considered sufficient by Management to cover probable losses on its assets and/or liabilities. The table below shows the liabilities covered by insurance and the related amounts as at September 30, 2018:

Insurance line (in effect)	Coverage - R\$ thousands
Engineering risks and construction completion guarantee	2,259,074
Civil liability - Directors and Officers (D&O) (*)	241,605

(*) The effective period of the D&O civil liability policy is from February 25, 2018, renewed until February 25, 2019 by the Company.

Insurance line (future periods)	Coverage - R\$ thousands
Engineering risks and construction completion guarantee (effective from 10/2018 to 12/2026)	122,038

21. EARNINGS PER SHARE

The table below shows the calculation of basic and diluted earnings per share.

	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017
Basic numerator				
Undistributed earnings	64,431	152,286	30,716	70,463
Undistributed earnings, available to the holders of common shares	64,431	152,286	30,716	70,463
Basic denominator (in thousands of shares)				
Weighted average number of shares	52,081	52,081	54,000	54,000
Basic earnings per share in Brazilian reais	1.2371	2.9240	0.5688	1.3049
Diluted numerator				
Undistributed earnings	64,431	152,286	30,716	70,463
Undistributed earnings, available to the holders of common shares	64,431	152,286	30,716	70,463
Diluted denominator (in thousands of shares)				
Weighted average number of shares	52,081	52,081	54,000	54,000
Stock options	4,383	4,383	3,354	3,354
	56,464	56,464	57,354	57,354
Diluted earnings per share in Brazilian reais	1.1411	2.6971	0.5356	1.2286

22. FINANCIAL INSTRUMENTS

The Company and its subsidiaries enter into transactions with financial instruments. These financial instruments are managed through operating strategies and internal control that aim at liquidity, profitability and security. Financial instruments for hedging purposes are contracted based on a periodic analysis of the risk exposure Management intends to mitigate (foreign exchange, interest rate, etc.) which are submitted to the competent Management bodies for approval and subsequent roll out of the presented strategy. The control policy consists of a permanent monitoring of contracted terms and conditions compared to market terms and conditions. The Company and its subsidiaries do not make investments involving derivatives or any other risk assets for speculative purposes. Gains and losses on these transactions are consistent with the policies and strategies designed by the Company's Management. The Company's and its subsidiaries' operations are subject to the following risk factors described below:

(a) Risk considerations

(i) Credit risk

The Company and its subsidiaries restrict their exposure to credit risks related to cash and cash equivalents by making their investments in prime financial institutions and in interest-bearing short-term investments.

With respect to trade receivables, the Company restricts its exposure to credit risks by selling to a broad customer base and continuously analyzing credit. Additionally, there is no material history of losses since there is a collateral on the units sold, represented by real estate unit, which can be repossessed in the case of default during the construction period. As at September 30, 2018 and December 31, 2017, there was no material credit risk concentration related to customers.

(ii) Derivatives

As at September 30, 2018, the Company does not conduct transactions involving derivative financial instruments.

b) Interest rate risk

Arises from the possibility of the Company and its subsidiaries incurring gains or losses due to fluctuations in the interest rates on their financial assets and financial liabilities. To mitigate this risk, the Company and its subsidiaries try to diversify their borrowings into fixed and floating rates. The interest rates on borrowings and financing are described in notes 12 and 13. The interest rates on short-term investments are described in note 4. Receivables from real estate development are subject to the National Civil Construction Index (INCC) and the General Market Price Index (IGP-M).

c) Liquidity risk

The liquidity risk arises from the possibility that the Company and its subsidiaries may not have sufficient funds to meet their obligations due to a mismatch in the settlement terms of their rights and obligations.

To mitigate the liquidity risks and optimize the weighted average cost of capital, the Company and its subsidiaries permanently monitor the debt levels according to the market standards and the compliance with the ratios (covenants) provided for in loan, financing and debenture agreements, to ensure that the cash generation from operating activities and early funding, when necessary, are sufficient to honor their commitments, and avoid any liquidity risk for the Company and its subsidiaries (notes 12 and 13).

Most of the Company's financing is carried out with Caixa Econômica Federal under real estate pool funding schemes ("crédito associativo"), the "Minha Casa Minha Vida" federal housing program, and transfers at the end of the construction.

The maturities of borrowing, financing, trade payables, and debenture financial instruments are as follows:

Year ended December 31, 2017	Parent				Total
	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years	
Borrowings and financing (note 12)	17,315	17,599	3,084	-	37,998
Debentures (note 13)	-	-	154,002	-	154,002
Trade payables	5,699	-	-	-	5,699
Payables for properties and advances from customers (note 16)	5,980	11,007	-	-	16,987
Intragroup borrowings payable (note 7.1)	-	-	-	15,860	15,860
	28,994	28,606	157,086	15,860	230,546

Period ended September 30, 2018	Parent				Total
	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years	
Borrowings and financing (note 12)	385	9,649	2,797	-	12,831
Debentures (note 13)	-	378,618	49,861	-	428,479
Trade payables	13,030	-	-	-	13,030
Payables for properties and advances from customers (note 16)	8,540	8,053	-	-	16,593
	21,955	396,320	52,658	-	470,933

Year ended December 31, 2017	Consolidated				Total
	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years	
Borrowings and financing (note 12)	31,033	69,095	16,035	-	116,163
Debentures (note 13)	-	-	154,002	-	154,002
Trade payables	22,749	-	-	-	22,749
Payables for properties and advances from customers (note 16)	204,661	165,846	74,293	-	444,800
Intragroup borrowings payable (note 7.1)	-	-	-	15,860	15,860
	258,443	234,941	244,330	15,860	753,574

Period ended September 30, 2018	Consolidated				Total
	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years	
Borrowings and financing (note 12)	5,778	80,897	26,054	-	112,729
Debentures (note 13)	-	378,618	49,861	-	428,479
Trade payables	40,272	-	-	-	40,272
Payables for properties and advances from customers (note 16)	221,137	210,452	64,001	14,141	509,731
	267,187	669,967	139,916	14,141	1,091,211

(v) Fair value hierarchy

The Company uses the following hierarchy to determine and disclose the fair value of financial instruments by valuation technique:

Level 1: prices traded (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices in active markets included within Level 1, that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and

Level 3: inputs for assets or liabilities that are not based on observable market variables (unobservable inputs).

The fair value hierarchy level for the financial instrument assets measured at fair value through profit or loss of the Company, disclosed as at September 30, 2018 and December 31, 2017, is as follows:

	Parent			Consolidated		
	Fair value hierarchy					
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
As at December 31, 2017						
Financial assets Securities (note 4.2)	-	280,327	-	129,957	328,389	-
	Parent			Consolidated		
	Fair value hierarchy					
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
As at September 30, 2018						
Financial assets Securities (note 4.2)	362,684	205,466	-	481,957	329,848	-

In the period ended September 30, 2018 and the year ended December 31, 2017, there were no fair value measurement transfers between the Level 1 and Level 2 fair value measurements or transfers between the Level 3 and Level 2 fair value measurements.

(b) Fair value of financial instruments

(i) Fair value measurement

The estimated fair values were determined using observable market inputs and appropriate valuation techniques. However, considerable judgment is required to interpret market inputs and estimate fair value. Thus, the estimates presented herein are not an indication of the amounts that the Company could realize in the current market. The use of different market assumptions and/or estimate methodologies could have a significant impact on the estimated fair values.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which estimating values is practicable:

- (i) The amounts of cash and cash equivalents, securities, trade receivables, and other receivables, trade payables, and other current liabilities approximate their fair values, recognized in the interim financial information.
- (ii) The fair value of bank loans and other financial debts is estimated through discounted future cash flows using available benchmark interest rates for similar and remaining debts or terms.

The main carrying amounts and fair values of financial assets and financial liabilities as at September 30, 2018 and December 31, 2017, classified in Level 2 of the fair value hierarchy, are as follows:

	Categories	Parent			
		09/30/2018		12/31/2017	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Cash and cash equivalents (note 4.1)	Amortized cost	14,650	14,650	19,480	19,480
Short-term investments and Restricted cash in guarantee to loans (note 4.2)		568,150	568,150	280,327	280,327
Bank certificate of deposit	Amortized cost	35,716	35,716	-	-
Bank certificate of deposit	Fair value through profit or loss*	-	-	3,059	3,059
LFT and LTN	Fair value through profit or loss*	362,684	362,684	245,301	245,301
Private securities	Amortized cost	138,741	138,741	-	-
Securities purchased under resale agreements (Exclusive Funds)	Fair value through profit or loss*	11,244	11,244	-	-
Securities purchased under resale agreements	Amortized cost	33	33	-	-
Securities purchased under resale agreements	Fair value through profit or loss*	-	-	7,828	7,828
Restricted short-term investments	Fair value through profit or loss*	19,732	19,732	24,139	24,139
Trade accounts receivable (note 5)	Amortized cost	102,982	102,982	92,276	92,276
Intragroup loans receivable (note 7.1)	Amortized cost	43,619	43,619	43,136	43,136
Financial liabilities					
Borrowings and financing (note 12)	Amortized cost	12,831	12,023	37,998	37,874
Debentures (note 13)	Amortized cost	428,479	408,989	154,002	163,733
Trade payables	Amortized cost	13,030	13,030	5,699	5,699
Payables for properties and advances from customers (note 16)	Amortized cost	14,721	14,721	15,066	15,066
Loans payable (note 7.1)	Amortized cost	-	-	15,860	15,860
	Categories	Consolidated			
		30/09/2018		31/12/2017	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Cash and cash equivalents (note 4.1)	Amortized cost	35,648	35,648	39,377	39,377
Securities and restricted short-term investments (note 4.2)		811,806	811,806	458,346	458,346
Bank certificate of deposit	Amortized cost	41,686	41,686	-	-
Bank certificate of deposit	Fair value through profit or loss*	-	-	4,209	4,209
LFT and LTN	Fair value through profit or loss*	481,957	481,957	326,468	326,468
Private securities	Amortized cost	138,741	138,741	-	-
Securities purchased under resale agreements (Exclusive Funds)	Fair value through profit or loss*	11,244	11,244	-	-
Securities purchased under resale agreements	Amortized cost	33	33	-	-
Securities purchased under resale agreements	Fair value through profit or loss*	-	-	7,828	7,828
Restricted short-term investments	Fair value through profit or loss*	136,430	136,430	118,123	118,123
Investment funds	Fair value through profit or loss*	1,715	1,715	1,718	1,718
Trade accounts receivable (note 5)	Amortized cost	471,169	471,169	396,841	396,841
Intragroup loans receivable (note 7.1)	Amortized cost	34,320	34,320	33,837	33,837
Financial liabilities					
Borrowings and financing (note 12)	Amortized cost	112,729	108,641	116,163	115,114
Debentures (note 13)	Amortized cost	428,479	408,989	154,002	163,733
Trade payables	Amortized cost	40,272	40,272	22,749	22,749
Payables for properties and advances from customers (note 16)	Amortized cost	409,186	409,186	326,763	326,763
Loans payable (note 7.1)	Amortized cost	-	-	15,860	15,860

* Classification as fair value through profit or loss after initial recognition.

(ii) Debt acceleration risk

As at September 30, 2018, the Company was a party to loan and financing agreements that contained restrictive covenants related to indebtedness ratios. These restrictive covenants have been complied with by the Company and do not limit its ability to continue as going concern.

(c) Capital management

The Company's capital management aims at maintaining the good credit rating from credit rating institutions and an optimum capital ratio sufficient to support the Company's business and maximize shareholder value.

The Company controls its capital structure and adjusts it to current economic conditions. To keep this structure adjusted, the Company can pay dividends, return on capital to shareholders, raise new borrowings and financing, issue debentures.

The Company includes in its net debt structure: borrowings and financing less cash and banks (cash and cash equivalents, securities, and restricted short-term investments):

	Parent		Consolidated	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Borrowings and financing (note 12)	12,831	37,998	112,729	116,163
Debentures (note 13)	428,479	154,002	428,479	154,002
(-) Cash and cash equivalents and securities (notes 4.1 and 4.2)	(582,800)	(299,807)	(847,453)	(497,723)
Net debt	(141,490)	(107,807)	(306,245)	(227,558)
Equity	1,211,718	1,158,692	1,218,079	1,163,739
Equity and net debt	1,070,228	1,050,885	911,834	936,181

(d) Sensitivity analysis

The sensitivity analysis of financial instruments for the period ended September 30, 2018, describes the risks that may cause material changes in the Company's profit or loss, in compliance with by CVM requirements, set out in Instruction 475/08, in order to show a 10%, 25% and 50% increase / decrease in the risk variable considered.

As at September 30, 2018, the Company has the following financial instruments:

- Short-term investments, borrowings and financing indexed to the CDI;
- Borrowings and financing indexed to the Benchmark Rate (TR);
- Trade and other receivables, borrowings and financing indexed to the National Civil Construction Index (INCC) and the General Market Price Index (IGP-M).

For the sensitivity analysis in the period ended September 30, 2018, the Company considered the interest rates of investments, borrowings and trade receivables, the Certificate of Interbank Deposit (CDI) rate at 6.40%, the Benchmark Rate at 0%, the National Civil Construction Index (INCC) at 3.75%, and the General Market Price Index (IGP-M) at 4.51%.

The scenarios considered were as follows:

Scenario I: Probable: 10% appreciation/depreciation of the risk variables used for pricing

Scenario II: Possible: 25% appreciation/depreciation of the risk variables used for pricing

Scenario III: Remote: 50% appreciation/depreciation of the risk variables used for pricing

As at September 30, 2018:

Transaction	Risk	Consolidated scenario					
		I	II	III	III	II	I
		50% increase	25% increase	10% increase	10% decrease	25% decrease	50% decrease
Securities	CDI increase/decrease	24,567	12,283	4,913	(4,913)	(12,283)	(24,567)
Debentures	CDI increase/decrease	(13,089)	(6,544)	(2,618)	2,618	6,544	13,089
Net effect of CDI variance		11,478	5,739	2,296	(2,296)	(5,739)	(11,478)
Receivables from developments	INCC increase/decrease	6,307	3,153	1,261	(1,261)	(3,153)	(6,307)
Bank Credit Note (CCB)	INCC increase/decrease	(34)	(17)	(7)	7	17	34
Net effect of INCC variance		6,273	3,136	1,255	(1,255)	(3,136)	(6,273)
Receivables from developments	IGP-M increase/decrease	2,627	1,314	525	(525)	(1,314)	(2,627)

23. NET REVENUE

	Parent			
	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017
Gross revenue				
Property development and sale, barter, and provision for construction services	92,010	225,118	69,757	197,743
(Recognition) reversal of allowance for doubtful debts (note 5)	(2,078)	(2,106)	1,570	(3,001)
(Recognition) reversal of allowance for contract terminations (note 5)	473	1,909	2,991	31,728
Taxes on property sales and services	(4,940)	(11,950)	(11,099)	(27,012)
Net revenue	<u>85,465</u>	<u>212,971</u>	<u>63,219</u>	<u>199,458</u>
	Consolidated			
	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017
Gross revenue				
Property development and sale, barter, and provision for construction services	478,617	1,278,214	375,659	1,053,332
(Recognition) reversal of allowance for doubtful debts (note 5)	(6,986)	(20,433)	(3,177)	(24,763)
(Recognition) reversal of allowance for contract terminations (note 5)	3,199	1,725	7,197	26,982
Taxes on property sales and services	(13,361)	(32,890)	(18,278)	(54,827)
Net revenue	<u>461,469</u>	<u>1,226,616</u>	<u>361,401</u>	<u>1,000,724</u>

24. COSTS AND EXPENSES BY NATURE

Broken down as follows:

	Parent			
	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017
Real estate development and sale costs:				
Construction costs	(50,878)	(116,539)	(22,950)	(56,877)
Land costs	(3,720)	(7,623)	(3,431)	(19,422)
Development costs	(5,055)	(13,740)	(4,526)	(12,265)
Capitalized finance charges (note 12)	(1,412)	(4,400)	(3,960)	(4,133)
Maintenance/warranties	(2,859)	(6,710)	(1,351)	(5,882)
Cost of properties on allowance for contract terminations recognition (note 6)	(529)	(2,227)	(4,644)	(25,153)
	<u>(64,453)</u>	<u>(151,239)</u>	<u>(40,862)</u>	<u>(123,732)</u>
Selling expenses:				
Product marketing expenses	(2,121)	(6,046)	(2,187)	(6,499)
Realtor and sales commissions	(3,594)	(10,399)	(3,270)	(9,417)
Cost of sales	(2,235)	(6,704)	(2,200)	(6,009)
Onlending costs	(623)	(1,836)	(372)	(1,273)
Registration costs	(183)	(486)	(160)	(430)
Realtor fees	(553)	(1,373)	(538)	(1,705)

	Parent			
	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017
Expenses on customer management (CRM)	(30)	(182)	(91)	(225)
Other selling expenses	(178)	(603)	(196)	(586)
	<u>(5,923)</u>	<u>(17,230)</u>	<u>(5,744)</u>	<u>(16,727)</u>
General and administrative expenses:				
Payroll and related taxes	(2,761)	(8,590)	(2,487)	(6,629)
Employee benefits	(256)	(769)	(238)	(619)
Travel and utilities	(81)	(210)	(71)	(173)
Expenses on services provided	(672)	(1,745)	(911)	(2,430)
Rentals and common area management fees	(367)	(922)	(281)	(728)
IT expenses	(21)	(86)	465	(99)
Stock option plan costs (note 19.2)	(2,417)	(13,054)	(1,709)	(1,434)
Expenses on provision for profit sharing (note 26.2)	(1,453)	(6,580)	(3,894)	(9,559)
Other general and administrative expenses	(135)	(222)	(15)	(189)
	<u>(8,163)</u>	<u>(32,178)</u>	<u>(9,141)</u>	<u>(21,860)</u>
Other income (expenses), net:				
Depreciation and amortization	(3,155)	(12,963)	(3,407)	(10,174)
Expenses on payments of contingencies	(18,685)	(45,043)	(7,208)	(23,034)
Provisions / reversals for contingencies (note 18)	8,640	8,344	(18,961)	(19,942)
Other income/(expenses) (a)	(4,586)	(13,147)	(7,668)	(40,476)
	<u>(17,786)</u>	<u>(62,809)</u>	<u>(37,244)</u>	<u>(93,626)</u>

- (a) In March 2017 the Company acquired the control of FIT 03, FIT 11, FIT 34, and FIT 34, resulting in a loss of R\$11,309, settled through the offset against intragroup loans receivable.

	Consolidated			
	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017
Real estate development and sale costs:				
Construction costs (a)	(210,246)	(567,743)	(151,520)	(435,920)
Land costs	(65,121)	(147,139)	(36,950)	(118,019)
Development costs	(21,805)	(60,059)	(20,798)	(56,381)
Capitalized finance charges (note 12)	(6,297)	(17,771)	(12,611)	(22,873)
Maintenance/warranties	(993)	(9,202)	(587)	(6,799)
Cost of properties on allowance for contract terminations recognition (note 6)	(1,993)	(2,188)	(7,858)	(18,833)
	<u>(306,455)</u>	<u>(804,102)</u>	<u>(230,324)</u>	<u>(658,825)</u>
Selling expenses:				
Product marketing expenses	(14,026)	(37,433)	(13,552)	(38,267)
Realtor and sales commissions	(23,802)	(64,380)	(20,220)	(55,450)
Cost of sales	(14,853)	(41,505)	(13,547)	(35,380)
Onlending costs	(4,136)	(11,369)	(2,333)	(7,496)
Registration costs	(1,204)	(3,009)	(987)	(2,533)
Realtor fees	(3,609)	(8,497)	(3,353)	(10,041)
Expenses on customer management (CRM)	(222)	(1,129)	(559)	(1,326)
Other selling expenses	(1,194)	(3,727)	(1,214)	(3,447)
	<u>(39,244)</u>	<u>(106,669)</u>	<u>(35,545)</u>	<u>(98,490)</u>
General and administrative expenses:				
Payroll and related taxes	(13,585)	(41,334)	(11,817)	(33,113)
Employee benefits	(1,256)	(3,699)	(1,131)	(3,091)
Travel and utilities	(396)	(1,011)	(341)	(865)
Expenses on services provided	(3,287)	(8,396)	(4,326)	(12,139)
Rentals and common area maintenance fees	(1,792)	(4,435)	(1,339)	(3,638)
IT expenses	(111)	(441)	2,403	(494)
Stock option plan costs (note 19.2)	(2,417)	(13,054)	(1,709)	(1,434)
Expenses on provision for profit sharing (note 26.2)	(4,842)	(15,408)	(4,201)	(13,826)
Other general and administrative (income) expenses	(660)	(1,068)	(2,388)	(941)
	<u>(28,346)</u>	<u>(88,846)</u>	<u>(24,849)</u>	<u>(69,541)</u>
Other income (expenses), net:				
Depreciation and amortization	(3,159)	(12,970)	(3,410)	(10,179)
Expenses on payments of contingencies	(18,685)	(45,046)	(7,259)	(24,242)
Provisions / reversals for contingencies (note 18)	10,755	12,552	(21,049)	(22,758)
Other income/(expenses) (b)	(5,747)	(16,834)	(7,692)	(39,362)
	<u>(16,836)</u>	<u>(62,298)</u>	<u>(39,410)</u>	<u>(96,541)</u>

- (a) The third and last phase of the Mirante do Lago legacy project in Belém (PA) was discontinued in the quarter, which generated an impact of R\$18 million on profit or loss. Such effect refers to the costs incurred with legalization, infrastructure and apportionment of the land common areas.
- (b) In March 2017 the Company acquired the control of FIT 03, FIT 11, FIT 34, and FIT 34, resulting in a loss of R\$11,309, settled through the offset against intragroup loans receivable.

25. FINANCE INCOME (COSTS)

	Parent			
	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017
Finance income				
Income from short-term investments	6,641	18,427	2,688	6,571
Finance income from intragroup loan	-	-	(2,284)	116
Other finance income	108	2,884	4,062	5,891
	<u>6,749</u>	<u>21,311</u>	<u>4,466</u>	<u>12,578</u>
Finance costs				
Interest on borrowings, net of capitalization (note 12)	(5,899)	(15,644)	(1,600)	(6,285)
Finance costs from intragroup borrowings	-	-	(341)	(2,118)
Banking expenses	(314)	(844)	(343)	(730)
Other finance costs	(1,187)	(2,576)	(4,934)	(8,883)
	<u>(7,400)</u>	<u>(19,064)</u>	<u>(7,218)</u>	<u>(18,016)</u>
Finance income (costs)	<u>(651)</u>	<u>2,247</u>	<u>(2,752)</u>	<u>(5,438)</u>

	Consolidated			
	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017
Finance income				
Income from short-term investments	7,964	21,988	3,985	10,218
Finance income from intragroup loan	-	-	-	132
Other finance income	1,658	8,167	4,061	11,535
	<u>9,622</u>	<u>30,155</u>	<u>8,046</u>	<u>21,885</u>
Finance costs				
Interest on borrowings, net of capitalization (note 12)	(5,899)	(15,782)	(1,844)	(6,064)
Finance costs from intragroup borrowings	920	-	(341)	(2,118)
Banking expenses	(1,472)	(3,992)	(1,104)	(2,753)
Other finance costs	(2,149)	(2,741)	(5,552)	(11,674)
	<u>(8,600)</u>	<u>(22,515)</u>	<u>(8,841)</u>	<u>(22,609)</u>
Finance income (costs)	<u>1,022</u>	<u>7,640</u>	<u>(795)</u>	<u>(724)</u>

26. TRANSACTIONS WITH MANAGEMENT AND EMPLOYEES

26.1. Compensation of key management personnel

The amounts recognized in line item 'General and administrative expenses' for the periods ended September 30, 2018 and 2017 related to the compensation of key management personnel are as follows:

Compensation of key management personnel			
Period ended September 30, 2017	Board of Directors	Executive Committee	Total
Number of members	7	10	17
Fixed compensation for the period (in R\$)	982	5,305	6,287
Salary/management fees	818	3,936	4,754
Direct and indirect benefits	-	582	582
Other (social security)	164	787	951
Monthly compensation (in R\$)	109	589	699
Variable compensation for the period (in R\$)	-	5,853	5,853
Profit sharing (note 26.2)	-	4,547	4,547
Share-based compensation	-	1,306	1,306
Total compensation for the period (in R\$)	<u>982</u>	<u>11,158</u>	<u>12,140</u>

Compensation of key management personnel			
Period ended September 30, 2018	Board of Directors	Executive Committee	Total
Number of members	7	11	18
Fixed compensation for the period (in R\$)	1,824	6,007	7,831
Salary/management fees	1,520	4,473	5,993
Direct and indirect benefits	-	639	639
Other (social security)	304	895	1,199
Monthly compensation (in R\$)	203	667	870
Variable compensation for the period (in R\$)	406	14,899	14,899
Profit sharing (note 26.2)	-	4,288	4,288
Share-based compensation	406	10,611	10,611
Total compensation for the period (in R\$)	<u>2,230</u>	<u>20,906</u>	<u>22,730</u>

The overall compensation of the Company's key management personnel for 2018 was set at R\$35,313, as fixed and variable compensation, as approved at the Annual Shareholders' Meeting held on April 26, 2018.

26.2. Profit sharing

In the period ended September 30, 2018, the Company recognized a profit sharing expense amounting to R\$6,580 in the Parent (R\$9,559 in the Parent as at September 30, 2017) and R\$15,408 in consolidated (R\$13,826 in consolidated as at September 30, 2017).

	Parent		Consolidated	
	09/30/2018	09/30/2017	09/30/2018	09/30/2017
Executive Committee	4,288	4,547	4,288	4,547
Other employees	2,292	5,012	11,120	9,279
	<u>6,580</u>	<u>9,559</u>	<u>15,408</u>	<u>13,826</u>

27. SEGMENT REPORTING

The Company's Management analyses its internal managerial reports to make decisions relating to the consolidated interim financial information, on the same basis that these statements are disclosed, i.e., a single segment and geography.

Therefore, since Management does not use any information system other than the quarterly information as at September 30, 2018 and the financial statements as at December 31, 2017, no specific disclosure will be presented, as defined in CPC 22.

As for the information on its main customers, since its residential real estate activity is targeted at a single economic segment, the Company does not have any individual customer that represents 10% or more of its total consolidated revenue.

28. REAL ESTATE PROJECTS UNDER CONSTRUCTION – INFORMATION AND COMMITMENTS

In compliance with paragraphs 20 and 21 of ICPC 02, the recognized revenue amounts and incurred costs are stated in the income statement, and the advances received in the line item 'Payables for purchase of properties and advances from customer'. The Company shows below information on the projects under construction as at September 30, 2018:

1) Unrecognized revenue from projects under construction:

	<u>Consolidated</u>
	<u>09/30/2018</u>
Unrecognized revenue from properties sold (i)	523,981
Budgeted costs of units sold to be incurred (ii)	<u>(293,695)</u>
Unrecognized profit	<u>230,286</u>
(i) Unrecognized revenue from properties sold	
Real estate projects under construction:	
Revenue from contracted sales	1,325,897
Recognized sales revenue	<u>(801,916)</u>
Unrecognized sales revenue (a)	<u>523,981</u>
(ii) Budgeted costs on units sold to be incurred	
Real estate projects under construction:	
Budgeted costs of units	(764,513)
Costs incurred on units	470,818
Budget costs to be incurred (b)	<u>(293,695)</u>
(a) The unrecognized sales revenue of units sold is measured at the notional amount of the underlying contracts, plus the contractual adjustments and less contract terminations, not taking into consideration the effects of the taxes levied thereon and the present value adjustment, and does not include projects subject to restriction due to a suspension clause (legal period of 180 days during which the Company can cancel a development) and, therefore, not allocated to profit or loss.	
(b) The budgeted costs of properties sold to be incurred do not include finance charges, which are allocated to properties for sale and profit or loss (cost of properties sold), proportionately to the real estate units sold, to the extent they are incurred, and the accrued warranties, which are allocated to real estate units sold according to the percentage-of-completion of the works.	

2) Budgeted costs of units in inventory to be incurred:

	<u>Consolidated</u>
	<u>09/30/2018</u>
Budgeted costs of units	(409,047)
Costs incurred on units	152,385
Costs to be incurred	<u>(256,662)</u>

As at September 30, 2018, the percentage of assets consolidated in the interim financial information referring to projects included in the asset segregation structure was 62.32%.

29. NONCASH TRANSACTIONS AND RECONCILIATION OF FINANCING ACTIVITIES

a) Noncash transactions:

The main investing and financing transactions that did not involve cash and cash equivalents (Parent and Consolidated), as contra entry to related parties, considered for purposes of preparing the statement of cash flows were as follows:

	Parent		Consolidated	
	09/30/2018	09/30/2017	09/30/2018	09/30/2017
Acquisition of control (note 9)	-	-	-	(67,103)
Acquisition of equity interests (note 9)	-	11,757	-	-
Capital decrease (note 9)	(22,582)	(393,894)	(22,582)	(13,353)
Payment of capital (note 9)	-	92,895	-	-
Advance for future capital increase (note 9)	-	(65,755)	-	-

b) Reconciliation of financing activities:

	Parent						
	Opening balance 12/31/2016	Cash transactions			Noncash transactions		Closing balance 09/30/2017
		New	Interest payment (a)	Principal repayment	Interest and inflation adjustment	Offset of related parties / investment	
Borrowings	44,906	76,350	(5,831)	(57,198)	6,179	-	64,406
Intragroup loans	(47,044)	-	-	-	(116)	4,288	(42,872)
Intragroup borrowings	50,599	2,432	-	-	2,118	(39,390)	15,759
Total	48,461	78,782	(5,831)	(57,198)	8,181	(35,102)	37,293

	Parent						
	Opening balance 12/31/2017	Cash transactions			Cash transactions		Closing balance 09/30/2018
		New	Interest payment (a)	Principal repayment	Interest and inflation adjustment	Offset of related parties / investment	
Borrowings (notes 12 and 13)	192,000	312,258	(1,577)	(76,690)	15,319	-	441,310
Intragroup loans (note 7.1)	(43,136)	(483)	-	-	-	-	(43,619)
Intragroup borrowings (note 7.1)	15,860	-	-	-	-	(15,860)	-
Total	164,724	311,775	(1,577)	(76,690)	15,319	(15,860)	397,691

	Consolidated						
	Opening balance 12/31/2016	Cash transactions			Noncash transactions		Closing balance 09/30/2017
		New	Interest payment (a)	Principal repayment	Interest and inflation adjustment	Offset of related parties / investment	
Borrowings	134,994	291,473	(11,376)	(296,946)	12,558	-	130,703
Intragroup loans	(37,745)	-	-	-	(132)	4,304	(33,573)
Intragroup borrowings	50,599	2,432	-	-	2,118	(39,390)	15,759
Total	147,848	293,905	(11,376)	(296,946)	14,544	(35,086)	112,889

	Consolidated						Closing balance 09/30/2018
	Opening balance 12/31/2017	Cash transactions			Cash transactions		
		New	Interest payment (a)	Principal repayment	Interest and inflation adjustment	Offset of related parties / investment	
Borrowings (notes 12 and 13)	270,165	582,506	(6,086)	(325,781)	20,404	-	541,208
Intragroup loans (note 7.1)	(33,837)	(483)	-	-	-	-	(34,320)
Intragroup borrowings (note 7.1)	15,860		-	-	-	(15,860)	-
Total	252,188	582,023	(6,086)	(325,781)	20,404	(15,860)	506,888

(a) Interest paid and received is classified as financing activities because this classification is aligned with the Company's business model.

30. EVENTS AFTER THE REPORTING PERIOD

On November 8, 2018, the Board of Directors approved the Share Buyback Program, effective during one (1) year, starting November 9, 2018, the purpose of which is to create value for the Company's shareholders. A ceiling of 5,408,832 Company common shares was authorized and the shares bought back can be cancelled, sold, and/or used to pay the Company's Stock Option Plan or possible new stock option plans.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders and Management of
Construtora Tenda S.A.
São Paulo - SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Construtora Tenda S.A. ("Company"), identified as Parent and Consolidated, respectively, included in the Interim Financial Information (ITR) for the quarter ended September 30, 2018, which comprises the balance sheet as of September 30, 2018, and the related statements of income and of comprehensive income for the three- and nine-month periods then ended, and statements of changes in equity and of cash flows for the nine-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) - Interim Financial Reporting, which takes into consideration the guidance contained in CVM/SNC/SEP Circular Letter 01/2018 regarding technical guidance OCPC 04 - Application of Technical Interpretation ICPC 02 to Real Estate Development Entities in Brazil, on the recognition of revenue over time, and the consolidated interim financial information in accordance with international standard IAS 34 - Interim Financial Reporting, issued by International Accounting Standards Board - IASB, which takes into consideration the guidance contained in CVM/SNC/SEP Circular Letter 01/2018 regarding technical guidance OCPC 04, on the recognition of revenue over time, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information prepared in accordance with technical pronouncement CPC 21 (R1), which takes into consideration the guidance contained in CVM/SNC/SEP Circular Letter 01/2018

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the Interim Financial Information (ITR) referred to above is not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1), which take into consideration the guidance contained in CVM/SNC/SEP Circular Letter 01/2018 regarding the application of technical guidance OCPC 04, on the recognition of revenue over time, and presented in accordance with the standards issued by CVM, applicable to the preparation of Interim Financial Information (ITR).

Conclusion on the consolidated interim financial information prepared in accordance with international standard IAS 34, which takes into consideration the guidance contained in CVM/SNC/SEP Circular Letter 01/2018

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information included in the Interim Financial Information (ITR) referred to above is not prepared, in all material respects, in accordance with international standard IAS 34, which take into consideration the guidance contained in CVM/SNC/SEP Circular Letter 01/2018 regarding the application of technical guidance OCPC 04, on the recognition of revenue over time, and presented in accordance with the standards issued by CVM, applicable to the preparation of Interim Financial Information (ITR).

Emphasis of matter

We draw attention to note 2.1 to the interim financial information, which describes that this individual and consolidated interim financial information has been prepared in accordance with technical pronouncement CPC 21 (R1) and with international standard IAS 34 taking into consideration the guidance contained in CVM/SNC/SEP Circular Letter 01/2018 regarding the application of technical guidance OCPC 04 currently in effect, on the recognition of revenue over time, while the discussion of OCPC 04 has not yet been completed. Our conclusion is not qualified in respect of this matter.

Other matters

Statements of value added

The interim financial information referred to above includes the individual and consolidated statements of value added for the nine-month period ended September 30, 2018, prepared under the responsibility of the Company's Management and presented as supplemental information for international standard IAS 34 purposes. These statements were subject to the review procedures performed together with the review of the interim financial information to reach a conclusion on whether they were reconciled with the interim financial information and the accounting records, as applicable, and if their form and content are consistent with the criteria set forth by CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, in accordance with the criteria defined in CPC 09 and consistently with the accompanying individual and consolidated interim financial information taken as a whole.

Audit and review of the corresponding figures in the prior year and periods

The corresponding figures in the individual and consolidated balance sheets as at December 31, 2017 were previously audited by other independent auditors, who issued a report dated March 8, 2018, without modification, and the corresponding figures in the individual and consolidated statements of income and of comprehensive income for the three- and nine-month periods ended September 30, 2017 and statements of changes in equity and of cash flows for the nine-month period then ended were previously reviewed by other independent auditors, who issued a report dated November 9, 2017, without modification. The corresponding figures in the individual and consolidated statements of value added ("DVA") for the nine-month period ended September 30, 2017 were subject to the same review procedures by those independent auditors and, based on their review, those auditors issued a report stating that nothing has come to their attention that causes them to believe that the DVA has not been prepared, in all material respects, in accordance with the individual and consolidated interim financial information taken as a whole.

The accompanying interim financial information has been translated into English for the convenience of readers outside Brazil.

São Paulo, November 08, 2018

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Roberto Torres dos Santos
Engagement Partner